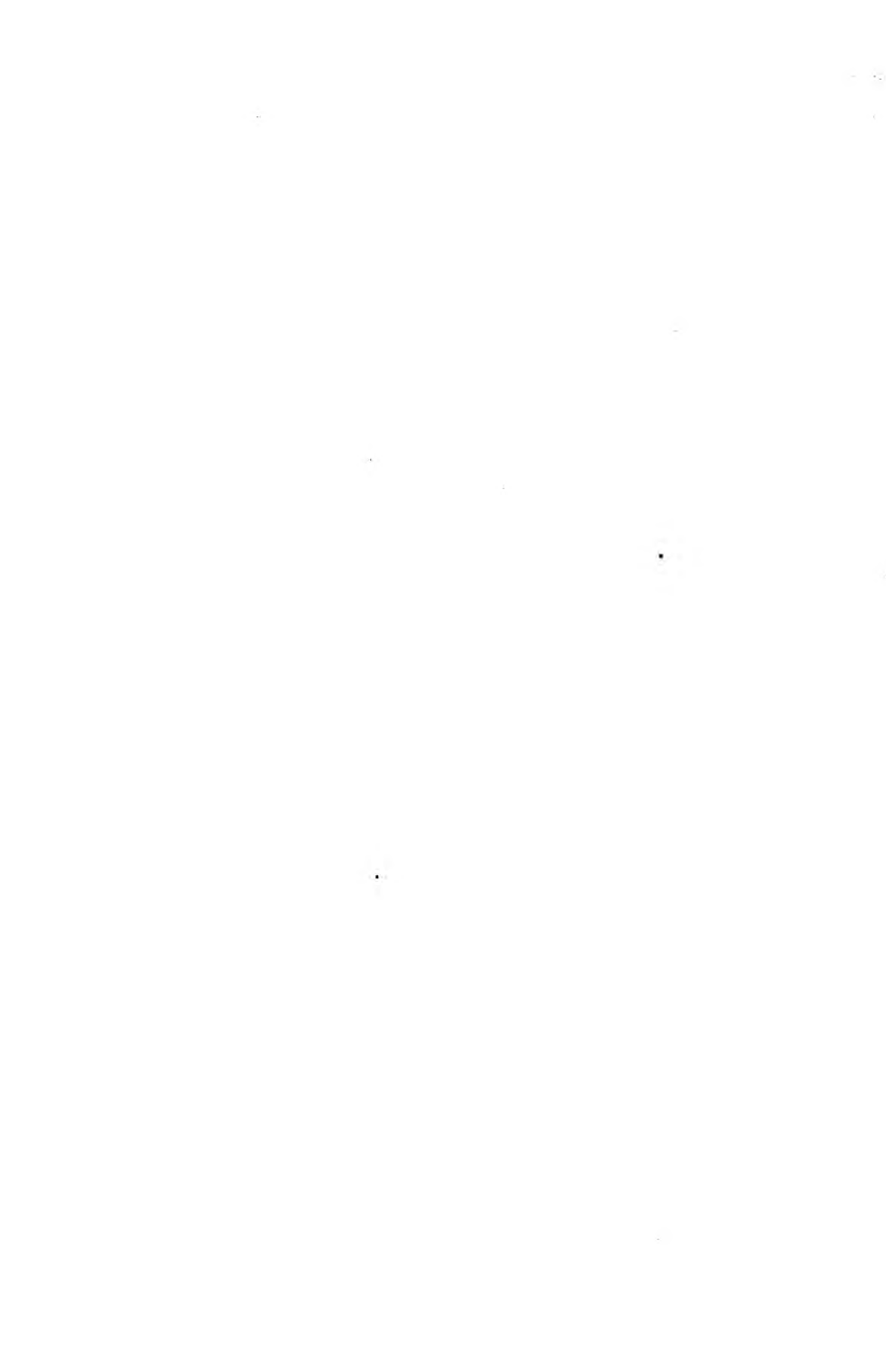




Library
of the
University of Wisconsin







FORTY YEARS AFTER:

**PIUS XI
AND THE
SOCIAL ORDER**



48-11493

FORTY YEARS AFTER:

**PIUS XI
AND THE
SOCIAL ORDER**

A COMMENTARY

RAYMOND J. MILLER, C.Ss.R.

**Fathers Rumble and Carty
Radio Replies Press
St. Paul
Minn.**

**Imprimi potest: Francis J. Fagen, C.Ss.R.
Sup. Prov.**

**Imprimatur + Samuel Cardinal Stritch
Archiep. Chicagiensis**

**Copyright 1947
Raymond J. Miller, C.Ss.R.**

CXV
609

670176

TO
MARY IMMACULATE
MOTHER OF GOD
AND
MOTHER OF PERPETUAL HELP
IN
HOMAGE AND GRATITUDE

9449 McElroy 3:15 Hist

AUTHOR'S PREFACE

This book is intended as a factual commentary on *Forty Years After*. The Encyclical itself is addressed in general to the whole world, and accordingly makes use of general language: "certain governments," "some Catholics," "certain doubts." It is for the particular commentaries to become specific, and identify by name and circumstances the governments, men, and movements treated in the Encyclical. Such is one of the tasks assumed by the present commentary.

The other is the more difficult task of applying Papal teaching and directives to actual institutions, situations, and problems, such as, in the United States, the National Labor Relations Board, the duty to join a labor union, Catholic membership in AFL and CIO unions, the just rate of dividends, maximum just income and profits, and minimum just wages. But the Pope did not issue his social teaching as a set of platitudes to be stored away in the archives, but precisely to be applied to actual problems and situations in the modern world. The present book has therefore undertaken this difficult task. And though it has taken fifteen years to complete the work, and at times it seemed doubtful whether it would ever be finished at all, now thanks be to God and His Immaculate Mother and to many kind friends, it is complete at last.

The help received both from friends on high and those here below is of course far beyond the author's power to acknowledge adequately or repay. Bishop Haas of Grand Rapids, as Father Haas of St. Francis Seminary, Milwaukee, and Monsignor Haas of Catholic University, was ever generous with encouragement and assistance, and even as Bishop, gave of his valuable time and advice. The author's Redemptorist Superiors through the years fostered the work in every way possible. Father William Reintjes, C. Ss. R. was a true confrere and unfailing friend in need. The book owes most of all, however, to the Redemptorist students in the Sociology classes at Oconomowoc, 1934-48. Their keen and exacting comments and criticism guided it past many a threatened blunder. Their suggestions opened the way to new insights into difficult problems. And in general, they were the enthusiastic fellow-workers whose efforts helped, more than anything else, to bring the book to completion.

Still, the author takes full responsibility for the book as a whole. The application of general principles to actual current situations often becomes a matter of opinion, on which the best of friends may differ. And in applying or even interpreting Papal doctrine in the present book, while the author is deeply indebted to all of his friends, he did not—and indeed could not—follow all of his advisers all of the time. The opinions expressed in the book, over and above bald statements of Papal doctrine or of common Catholic opinion, are therefore presented as his opinions and not necessarily as anyone else's, and he will answer for them.

This does not mean (he hastens to add) that they are to be taken as the last word on the matter. Far from it. They express honest convictions based on Papal doctrine in the light of available facts. But the author will gratefully welcome new light, and with God's help will not shrink from changing his opinion if it is shown to be wrong.

A final word as to the style and structure of the book.

It is intended as a *commentary* on the Pope's Encyclical, not a work that stands by itself as an original brain-child of the author. General arrangement, emphasis, sequence of thought are therefore those of the Pope, not the commentator. Originality in these matters, as well as any inclination to work the commentary up into a literary unit that would draw attention to itself, have been sacrificed in favor of clarity, factual illustration, and interpretation of the Pope's thought in the Encyclical.

Attention is called to the fact that the page numbers are to be found at the *bottom* of each page, while the numbers at the top are those of the official paragraphs of the Encyclical. These paragraph numbers are placed at the *top* to facilitate reference, since all references are not by page but by Encyclical paragraph together with commentary paragraph; e.g., a reference to n. 132/5 means that one is to locate n. 132 at the top of the page, and then find paragraph 5 of commentary under this n. 132.

The *Analysis and Table of Contents* at the beginning of the book, and the *Index* at the end, were prepared for the benefit of the reader who may want to find the Papal stand on some particular point in short order. By way of general guidance it may be said that if the reader wishes to find special points of Papal *doctrine*, let him consult the *Analysis and Table of Contents*; but if he wishes to find factual situations—men, movements, institutions—to which the Papal doctrine has *application*, let him consult the *Index*.

Some little doubt may be occasioned by the word "title" in the *Index*. "Title" refers to the commentary which occurs on page 1-3 of the book; it covers the general "title" or salutation of the Encyclical, for which there is of course no paragraph number.

It may also help to state here that in the "Further Readings," the initials CE mean *Catholic Encyclopedia*, and ESS, *Encyclopedia of Social Sciences*.

TABLE AND ANALYSIS OF CONTENTS

Title	Page
Title	1
INTRODUCTION	4
Section 1. The Occasion of <i>Rerum Novarum</i>	5
Conditions in 1890	5
Resultant Conflict	5
Efforts of Catholics	6
Appeal to Rome	8
Leo's Reply	8
Section 2. Chief Headings of <i>Rerum Novarum</i>	10
Summary of <i>Rerum Novarum</i>	10
Satisfaction Caused by <i>Rerum Novarum</i>	13
Dissatisfaction Caused	14
Section 3. Scope of the Present Encyclical	15
PART ONE: BENEFITS WHICH HAVE COME FROM <i>RERUM NOVARUM</i>	17
Chapter One. What the Church Has Done	17
Section 1. In Teachings	18
The Teachers	18
Benefits to Catholic Scholars	19
Benefits to Catholic Social Science	20
Benefits to Non-Catholics	23
Benefits at the Treaty of Versailles	24
Section 2. In Applying the Teaching	25
To Whom Applied	25
By Whom Applied	25
Non-Material Benefits	25
Material Benefits	26
Chapter Two. What Civil Authority has Done	34
Leo's Doctrine	34
What Rulers Did	35
What the People Did	36
Resultant New Legal Science	37
Chapter Three. What the Parties Directly Concerned Have Done	39
Introduction	39
Leo's Doctrine	39
Needed at the Time	40
Section 1. Workers' Associations	53
Merits of Leo's Doctrine	53
Leo's Guiding Principles for Unions	53
Founding of Unions in General	54
Founding of Unions in Particular	55
Catholic Membership in Secular Unions	57
Present Status of Unions	60
Section 2. Associations in Other Classes	63
Section 3. Associations of Employers	64

	<i>Page</i>
Conclusion: <i>On the Condition of Workers</i> , the Magna Charta of the Social Order	66
Benefits of <i>Rerum Novarum</i> Summarized	66
Critics Condemned	66
Transition to Part Two	67

**PART TWO: SOLUTION OF DOUBTS AND PROBLEMS
CONNECTED WITH *RERUM NOVARUM***

Introduction. The Authority of the Church in Social and Economic Matters	68
Principle Stated and Explained	68
Principle Proved	68
Pope Has Charge of the Moral Law	68
Economics Has its Own Principles	71
But also Has a God-given End	71
Which Comes under the Moral Law	72
And Leads to God	72
Chapter One. On Ownership or the Right of Property	74
Introduction	74
Leo XIII and Private Property	74
Calumnies and Controversies	74
Purpose of this Part	74
Section 1. Its Individual and Social Character	76
Church Did Not Overstress Either Side	76
What Actually Was Taught	76
Warning against Individualism and Collectivism	79
Reproof to Would-be Reformers	79
Section 2. Obligations Inherent in Ownership	82
Principle Stated	82
Principle Explained	82
Conclusions Drawn	83
Section 3. What the State Can Do	85
What It Can Do	85
What It Cannot Do	86
Advantages of this Power	86
Section 4. Obligations with Respect to Superfluous Income	90
Obligations in General	90
Munificence in Particular	92
Section 5. Titles of Acquiring Ownership	93
Chapter Two. Property ("Capital") and Labor	95
Section 1. Capital Cannot Do Without Labor; nor Labor Without Capital	95
No Wealth without Labor	95
Labor Needs Natural Resources	95
Neither Can Produce Anything without the Other	95
Conclusions	95
Section 2. Unjust Claims of "Capital"	100
The Fact	100
Alleged Principle	100
Opposition Aroused	100
Section 3. Unjust Claims of Labor	101
"Intellectuals" Principle	101

	<i>Page</i>
Condemned as Socialistic	101
Section 4. The Guiding Principle of Just Distribution	101
Principle Stated	101
Principle Applied	102
Principle Violated	102
False Interpretation of St. Paul	103
Conclusion	107
Chapter Three. Redemption of the Non-owning Workers	111
Section 1. Need of Reaffirming Leo's Doctrine	111
Section 2. Actual Reaffirming: Non-owning Status to be Overcome through the Non-owning Workers Obtaining Property	113
Section 3. Danger of Revolution	114
Chapter Four. Just Wages and Salaries	116
Introduction	116
Section 1. Church's Stand on Wage Contract	117
Working for Wages Not Essentially Wrong	117
But to be Modified by Partnership	118
Section 2. How Determine a Just Wage	119
False View Condemned	119
True View	120
The Individual and Social Character of Work	120
Wages: Three Points to be Considered	129
Support of the Worker and his Family	131
Condition of the Business	139
Requirements of the Common Good	143
Conclusion	146
Chapter Five. Social Order to be Restored	153
Introduction	153
Section 1. Reform of Institutions	154
No. 1. Institution of the State	154
What to be Reformed	154
Why to be Reformed	158
How to be Reformed	159
No. 2. Institution of "Classes"	160
Transition: Mutual Cooperation of "Orders" Consisting of Industries and Professions	160
What to be Reformed	164
Why to be Reformed	165
How to be Reformed	165
"Orders" Differ from "Classes"	165
"Orders" are Natural	165
Order in the "Orders"	170
Main Objects of the "Orders"	174
"Orders" Form of Rule	175
"Orders" Relation to Private Groups	177
No. 3. Institution of Economic Life	179
Transition: The Directing Principle of Economic Life to be Restored	179
What to be Reformed	179
Why to be Reformed	179
How to be Reformed	179
Conclusion	186

	<i>Page</i>
Appendix on the System of Syndicates and Corporations of Italian Fascism	189
Description	192
Of the Syndicates	192
Of the Corporations	194
Of the Procedure in Labor Disputes	196
Comments	197
Favorable	197
Unfavorable	197
Remedies	199
Section 2. Correction of Morals	201
Transition to Part Three	202
 PART THREE: MODERN CHANGES, THE ROOT EVIL, AND THE REMEDY	 203
Introduction. The Great Changes Since Leo's Time	203
Chapter One. The Changed Aspect of Economic Life	203
Section 1. Capitalistic System in General	203
Technical Side	203
Can be Morally Good	204
When Morally Bad	204
Section 2. Spread since Leo XIII	206
Another Economic System	206
Affected by the Spread of the Capitalistic System	207
Profiting by the Doctrine here Given	208
Section 3. Changes Since Leo XIII	208
No. 1. What is Wrong	208
Dictatorship Has Succeeded Free Competition	208
Especially Banker Dictatorship	220
No. 2. Why Wrong	233
I. Against Commutative Justice: Survival of the Fittest	233
II. Against Social Justice	234
Threefold Struggle	235
The Tragic Consequences	237
No. 3. How to be Remedied: Threefold Remedy	243
Chapter Two. The Changes of Socialism	248
Introduction	248
Section 1. The More Violent Section, or Communism	249
Aims	249
Methods	249
Warning and Condemnations	249
Section 2. The More Moderate Section, Which Has Retained the Name Socialism	 253
Introduction	253
No. 1. Tenets	254
It Departs Somewhat from the Class Struggle	254
And from the Abolition of Private Ownership	254
Conclusion	255
No. 2. Doubts about Relation Between Church and Socialism	256
First Doubt—Can a Middle Course be Followed	256
The Answer	256
Second Doubt—Can Socialism be Baptized	257

	<i>Page</i>
The Answer: Its Concept of Society and of Man's Social Character is Utterly Foreign to Christian Truth	257
Reasons	258
Christian View	258
Socialist View	258
Catholic and Socialist are Contradictory Terms	260
No. 3. Socialist System of Education and Training	260
Description: Socialism Pervading Morality and Culture	260
Condemnation	263
No. 4. Catholic Deserters to the Socialist Camp	265
The Fact	265
Alleged Reason	267
True Reason	268
They Are Invited to Return	269
Chapter Three A Renewal of Morals	271
Introduction	271
First Need is Christian Renewal	271
General Reason	271
Must be Christian	271
Section 1. The Chief Form of Disorder in the Contemporary	
Regime: The Loss of Souls	273
Chief Evil: Occasions of Sin	273
Pope's Concern	274
Causes of this Loss	274
Non-Economic Causes	274
Economic Causes	275
For Non-Workingmen	275
Instability of Economic Life	275
Unregulated Exchanges	275
Limited Liability of Corporations	275
Craze for Advertising	275
Absence of Due Governmental Control	285
Success of the Unscrupulous	285
For Workingmen	286
Treated Inhumanly	286
Causes in Particular	286
Conclusion	286
Section 2. Remedies	289
No. 1. Economic Life Should Be given Form and Shape in Accordance with Christian Principles	289
Introduction. Return to Gospel	289
How Animate Economic Life with Christian Principles	289
Objections Answered	289
About Profit Motive	289
About Getting Rich	289
Good Results of the Divine Plan	290
No. 2. The Role of Charity	292
What Charity Cannot Do	292
Necessity of Charity	292
In What Charity Consists	292

	<i>Page</i>
Resultant Conduct of Rich	292
Resultant Conduct of Workers	292
Section 3. Hopes for the Future	294
Introduction: Holy Father's Hopes and Efforts	294
Helpers Enumerated	294
Helpers Exhorted	294
An Arduous Task	294
But Christian Courage	294
Motives of Hope for the Future	295
Help of God	295
Naturally Christian Soul	295
Good Signs	295
Young Catholic Workers	295
And Unselfish Leaders	295
And Rich and Talented Young Men	295
Section 4. The Way to Proceed	297
Choose Lay Leaders	297
Train Seminarians	297
Train Lay Leaders	298
CONCLUSION	301
Soldiers of Christ Needed	301
To Avert Ruin of the World	301
Church Fears Not for Self	301
But Deplores the Ruin of Souls	301
Application	301
Close Union and Cooperation Are Urged	302
Example of Anti-Catholics	302
Why Necessary	302
How Achieve Unity	302
Apostolic Blessing	303

I M I A

Segretaria di Stato
di
Sua Santità
N. 186947/SA

Vatican City, October 28, 1948

Dear Father Miller,

His Holiness has laid upon me the pleasing duty of acknowledging receipt of your letter of July 2, 1948, and of the copy of your book "Forty Years After-- Pius XI and the Social Order" which you forwarded for His acceptance.

The Pontiff deeply appreciates the spirit of loving filial attachment to the Vicar of Christ which prompted you to place this volume at His disposal, and He would have me express to you His cordial gratitude for your thoughtful gesture. He appreciates, too, the pains you have taken, in compiling this work, to make the social teaching of the Church more widely known, and it is His confident prayer that your efforts may be crowned with success.

As a token of His benevolence and in pledge of copious heavenly blessings on your priestly labors, He lovingly imparts to you and to the members of your Community His paternal Apostolic Blessing.

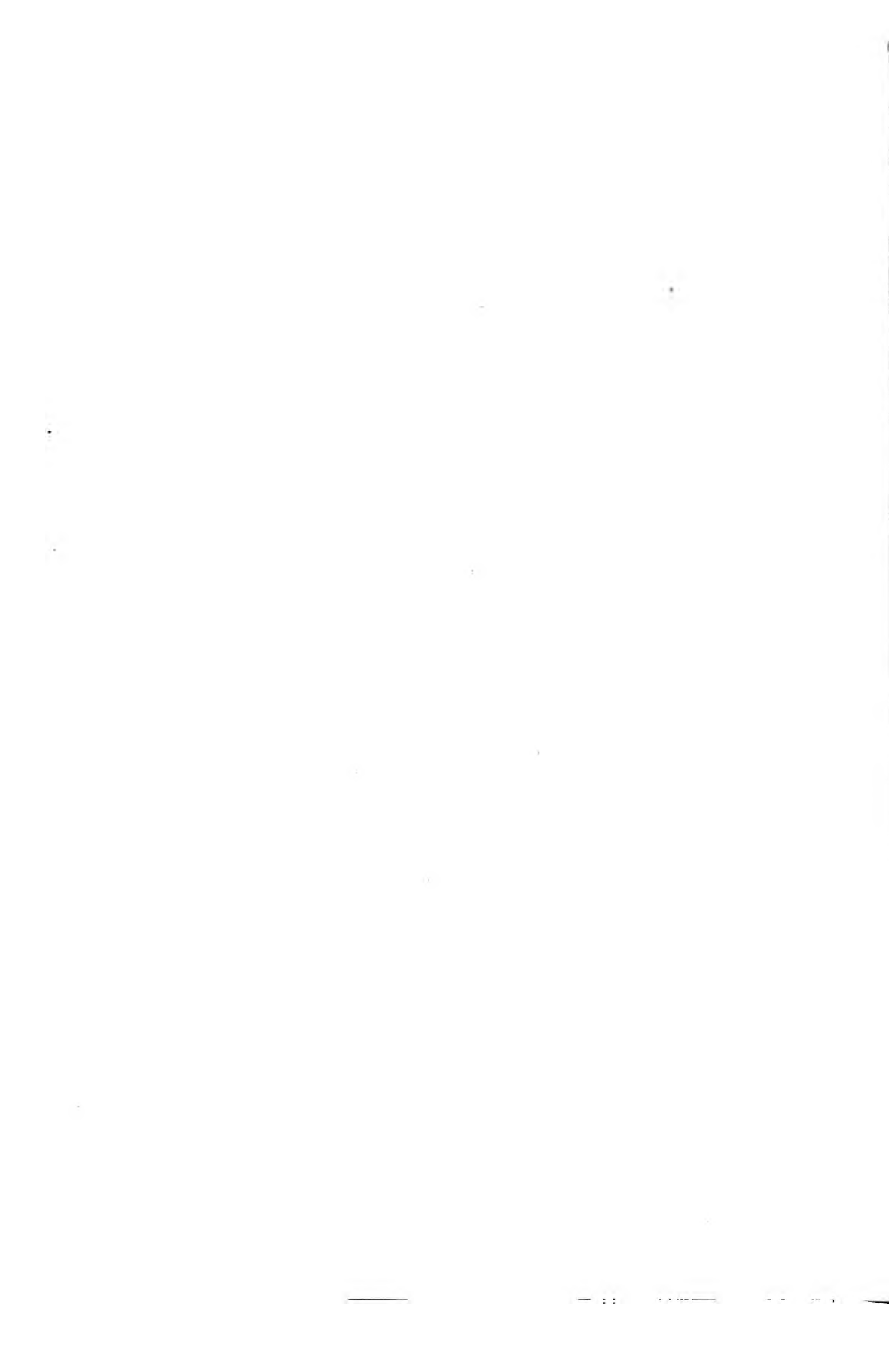
With sentiments of high esteem and cordial regard, I remain,

Yours sincerely in Christ

J. B. MONTINI

Subs.

Rev. Raymond J. Miller, C.Ss.R.
Redemptorist Fathers
Oconomowoc, Wis.



ENCYCLICAL LETTER

To Our Venerable Brethren, The Patriarchs, Primates, Archbishops, Bishops and Other Ordinaries, in Peace and Communion with the Holy See, and Likewise to All the Faithful of the Catholic World: On Reconstructing Social Order and on Perfecting it in Conformity with the Law of the Gospel, in Honor of the Fortieth Anniversary of the Encyclical of Leo XIII, ON THE CONDITION OF WORKERS.

POPE PIUS XI

VENERABLE BRETHREN AND BELOVED CHILDREN
HEALTH AND APOSTOLIC BENEDICTION

1. Note that the Encyclical is addressed not only to the *Patriarchs*, etc., as Encyclicals are usually addressed, but also to *all the faithful of the Catholic world*. This is very exceptional in Papal Encyclicals: only four of them in the seventy-five years ending in 1931 had been thus addressed; i.e., one letter of Pius IX, *Gravibus Ecclesiae*, December 24, 1874, (*Acta Sanctæ Sedis*, 8/181) on the Jubilee Year of 1875; and three of Pius XI, *Quinquagesimo Ante Anno*, December 23, 1929 (*Acta Apostolicæ Sedis*, 21/707) on the jubilee of 1929-30; *Divini Illius Magistri*, December 31, 1929 (*A.A.S.* 22/49) on Christian Education; and now *Forty Years After*. For brevity's sake, *Quadragesimo Anno* will be referred to throughout the commentary by the initials *QA*; and *Rerum Novarum* will be cited by the initials *RN*; though in the official text, and in the official footnotes to the text, *RN* is referred to by its English title: *On the Condition of Workers*.

2. The general object of the Encyclical is to give the Church's remedy for modern social injustices and inequities: namely, the *reconstructing* and *perfecting of social order*, or of "*the*" *social order*.

3. *Social order*, or *the social order*, means the existing sum total of relationships between men in society, whether it be good or bad, ordered or disordered; and *reconstruction of social order* or *of the social order* means re-arranging, correcting, strengthening, putting order into these relationships insofar as they need it—just as one would speak of the reconstruction of a house that was threatening to fall down. The Pope seems to have taken this phrase from the suggestions made at the end of World War I for "social reconstruction," when there were more than one hundred "programs for social reconstruction" offered by various groups, and the American Bishops put out their own "Program of Social Reconstruction" (see below n. 18/2). After the outbreak of World War II, moreover, Pius XII spoke frequently of "the new order" to come after

the war, repeatedly indicating that the principles laid down in *QA* would have a place in its establishment. Indeed, the plan or program laid out in *RN* and *QA* for social reconstruction forms only a part of the program or blueprint for a better world drawn up and published by the Popes in various Encyclicals beginning with Leo XIII's inaugural Encyclical *Quod Apostolici Muneris*, in 1878; a plan or program which the world received at first with indifference or amazed contempt, but which came to be indeed the blueprint which the world was to follow, especially after World War I. See below, Part One: Benefits Which Have Come from *RN*.

4. Note especially about this general object of *reconstructing the social order* these two things: first, that although it is a stupendous undertaking, it is not a hopeless ideal, because the Church has power to change society, and actually did reconstruct the social order after the fall of the Roman Empire and the invasion of the barbarians; secondly, that the Pope is now deliberately calling for this tremendous reconstruction, and giving directions on how to accomplish it, and not merely leaving it to the intrinsic power of the Church.

5. The Church's object, as is seen here, is the reconstruction and perfection of the existing social order; the Communistic object requires the total destruction of the existing social order. Other differences between these great opponents will be discussed below; see n. 111 ff.

6. About the object of *perfecting the social order*, note two things: first, that this perfection will consist mainly in the observance of the "new commandment" of the Gospel, namely, charity; that is, in a spirit of mutual understanding, good-will, and co-operation; and secondly, that the touchstone of any true Christian or Catholic social activity is precisely this spirit of charity: if social activity is not kind, it is not Catholic.

7. The Encyclical *QA* is in honor of the fortieth anniversary of the Encyclical of Leo XIII, *RN*: and note at the outset two interesting differences between the two Encyclicals: in language, *RN* is classical and difficult (especially in the Latin original), whereas *QA* is more plain and ordinary; but in thought, *RN* makes use of the concepts and arguments of the everyday person: whereas the thoughts and line of argument in *QA* are more profound, and require more effort to grasp.

8. The great changes in world conditions brought about by World War II do not make the principles of *QA* less practical, but render their study and application more important than ever. Such is the teaching of Pius XI's successor, Pius XII. For instance, in his Encyclical *Sertum Laetitiae* to the Hierarchy of the United States on November 1, 1939, he praises those Americans who have been studying *RN* and *QA*, and adds (n. 43): "What a proud vaunt it will be for the American people, by nature inclined to grandiose undertakings and to liberality, if they untie the knotty and difficult social question by following the sure paths illuminated by the light of the Gospel, and thus lay the basis of a happier age!" And in his radio broadcast to the world on Pentecost Sunday, June 1, 1941, on the occasion of the fiftieth anniversary of *RN*, after developing some of the doctrines of Leo XIII and Pius XI on social reconstruction, he declares: "These are the principles, concepts, and norms, beloved children, with which we should wish even now to share in the future organization of that new order which the world expects and

hopes will rise from the seething ferment of the present struggle, to set the peoples at rest in peace and justice Do not let die in your midst and fade away the insistent call of the two Pontiffs of the social Encyclicals, that voice which indicates to the faithful in the supernatural regeneration of mankind the moral obligation to cooperate in the arrangement of society, and especially of economic life Is not this a sacred duty for every Christian?" And in his Christmas message, 1941, (after the United States had entered the war) speaking on "The reconstruction of a new Europe and a new world," and the problems which will then be presented by "the social question," he declares: "Our predecessors and We ourselves have set forth principles for its solution," and urges that these principles be applied. Hence the study of *QA* and *RN* is more important since 1939 than ever.

INTRODUCTION

1. *Forty years have passed since Leo XIII's peerless Encyclical, On The Condition of Workers, first saw the light, and the whole Catholic world, filled with grateful recollection, is undertaking to commemorate it with befitting solemnity.*

1. The main celebration commemorating *On the Condition of Workers* or *Rerum Novarum* in 1931 was a pilgrimage to Rome of 10,000 Catholic workingmen from 20 countries of Europe and North and South America; in the United States, the National Catholic Welfare Conference sponsored various celebrations in Catholic colleges; the Laymen's Union, a little group of Negro Catholic business and professional men, held a public celebration in New York City; and articles about *RN* were published in the leading Catholic magazines and papers.

2. *Other Encyclicals of Our Predecessor had in a way prepared the path for that outstanding document and proof of pastoral care: namely, those on the family and the Holy Sacrament of Matrimony as the source of human society⁽¹⁾, on the origin of civil authority⁽²⁾, and its proper relations with the Church⁽³⁾, and the chief duties of Christian citizens⁽⁴⁾, against the tenets of Socialism⁽⁵⁾, against false teaching on human liberty⁽⁶⁾, and others of the same nature fully expressing the mind of Leo XIII. Yet the Encyclical, *On The Condition of Workers*, compared with the rest had this special distinction that at a time when it was most opportune and actually necessary to do so, it laid down for all mankind the surest rules to solve aright that difficult problem of human relations called "the social problem."*

1. The Latin of these Encyclicals of Leo XIII is available in the *Acta Sanctae Sedis*, and the *Acta Leonis XIII*. In English, all of them except *Diuturnum* are to be found in *the Pope and the People*, published by the Catholic Truth Society; and in *The Great Encyclical Letters of Leo XIII*, published by Benziger. All, including *Diuturnum*, are in *Social Well-springs* Vol. I, published by Bruce. The *Catholic Mind* for November 8, 1936, has an English version of *Immortale Dei*. In 1942, the Paulist Press published in individual pamphlet form the *Immortale Dei*, *Sapientiae Christianae*, *Libertas* and *Arcanum*.

2. *The social question* is what is called in the United States "the labor problem," and consists generally in the problem of economic inequality and conflict.

(1) Encyclical *Arcanum*, February 10, 1880.

(2) Encyclical *Diuturnum*, June 29, 1881.

(3) Encyclical *Immortale Dei*, November 1, 1885.

(4) Encyclical *Sapientiae Christianae*, January 10, 1890.

(5) Encyclical *Quod Apostolici Muneris*, December 28, 1878.

(6) Encyclical *Libertas*, June 20, 1888.

Section 1. The Occasion of Rerum Novarum

3. *For toward the close of the nineteenth century, the new kind of economic life that had arisen and the new developments of industry had gone to the point in most countries that human society was clearly becoming divided more and more into two classes. One class, very small in number, was enjoying almost all the advantages which modern inventions so abundantly provided; the other, embracing the huge multitude of working people, oppressed by wretched poverty, was vainly seeking escape from the straits wherein it stood.*

Conditions
in 1890

1. The old kind of economic life had been the guild system—in which one and the same man owned the capital and furnished the labor in his business; the new system is the capitalistic, or the factory system—in which one man owns the capital, and another supplies the labor. This capitalistic system is described more fully in Chapter Three of this Encyclical, n. 99 ff.

2. The new developments of industry constitute what is called the "Industrial Revolution," covering the century between 1775 and 1875; i.e., the invention of spinning machines, power looms, steam engines, and new methods of working various kinds of ores and metals, with their consequences of great factories and factory cities, large business corporations, new means of transportation on sea and land, and the resultant moving of the people away from the farms and into the crowded factory cities.

4. *Quite agreeable, of course, was this state of things to those who thought it in their abundant riches the result of inevitable economic laws and accordingly, as if it were for charity to veil the violation of justice which lawmakers not only tolerated but at times sanctioned, wanted the whole care of supporting the poor committed to charity alone. The workers, on the other hand, crushed by their hard lot, were barely enduring it and were refusing longer to bend their necks beneath so galling a yoke; and some of them, carried away by the heat of evil counsel, were seeking the overturn of everything, while others, whom Christian training restrained from such evil designs, stood firm in the judgment that much in this had to be wholly and speedily changed.*

Resultant
Conflict

1. The inevitable economic laws to which the wealthy attributed the existing inequalities were not, in the minds of the average rich person, any special scientific laws (they left the formation of such laws to the professors), but principles like: "In business it is the survival of the fittest"; "business is business"; "business and sentiment don't mix"; and so forth.

2. The Church, however, does not believe in the inevitability of these laws. She recognizes the truth of her Master's words: "the poor you have always with you," and knows, too, that this condition is often due to human sin and greed. But even granting that human inequities are as inevitable as sickness and sin, the Church considers it her task, as it was the mission of Christ himself, to labor constantly for their relief and removal.

3. In *violation of justice* and the natural right of workingmen to form unions of their own choosing, "Conspiracy Acts" were passed—i.e., *sanctioned by legislators*, making it a felony to join a union. Later the legalizing of the "yellow dog contract," and the use of the court injunction in labor disputes, were also violations of justice sanctioned by legislators. See below n. 30/2-4.

4. Those who *were seeking the overturn of everything* were the Socialists (as Communists were called in 1891—see below n. 112/2) and especially the Anarchists; bombing, looting, bloody and destructive strikes were almost a regular thing in the years preceding 1891, especially in Europe. This violence must be remembered in forming a judgment of Leo XIII's courage in coming out so uncompromisingly in favor of labor unions in *RN*. Many less courageous and less farsighted Catholics feared that he would thereby be considered as giving his blessing to anarchist violence.

5. One man in the United States who believed that *much in this had to be wholly and speedily changed* was Henry George with his Single Tax idea. According to this idea (which was clearly condemned by Leo XIII in *RN* n. 16; see below 14/1), the land belonged to all the people, and no private person could rightfully acquire ownership of land in town or country; so much so, that George claimed "rent is robbery." To change things *wholly and speedily*, he proposed that the government take over ownership of all the land and collect a tax from those who used it—a "single tax," which would take the place of all other taxes. George's agitation for his theory during the years 1885-91 kept a good part of the United States in a continual state of commotion. Catholics were by no means the least active in this commotion. Led by Father McGlynn, a New York priest who was George's faithful ally, and a great orator, many of them soon became the most ardent of "single-taxers." Father McGlynn had been forbidden by the Holy See in 1883 to take part in political meetings, where his violent and unorthodox language did more harm than good. In 1886, despite a warning by Archbishop Corrigan, he took a leading part in a political mass meeting in New York supporting Henry George for mayor. As a result of this he was suspended from his priestly functions, and eventually ordered to go to Rome. This command he consistently refused to obey, until the Holy See excommunicated him by name in 1887; he was still excommunicated when *RN* appeared in 1891, but was absolved by the Papal Delegate, Archbishop Satolli, in 1892.

5. *The same feeling those many Catholics, both priests and laymen, shared, whom a truly wonderful charity had long spurred on to relieve the unmerited poverty of the non-owning workers, and who could in no way convince themselves that so enormous and unjust an inequality in the distribution of this world's goods truly conforms to the designs of the all-wise Creator.*

1. Some of the *Catholic priests* were: Father Kolping in Germany (d. 1864), founder of a chain of homes for young workingmen; Bishop

von Ketteler of Mainz (d. 1877) whom Leo XIII called "my great predecessor" (i.e., in the social field); Canon Moufang (d. 1890), von Ketteler's friend, who became head of the Centre Party and as a member of the Reichstag sponsored much social legislation; Canon Hitze (d. 1921) Ketteler's secretary, who later succeeded Moufang as head of the Centre Party and social minded member of the Reichstag; in Switzerland, Cardinal Mermillod (d. 1892), Bishop of St. Francis de Sales' see of Geneva, but forced by persecution to live in Fribourg; Cardinal Manning in England (d. 1892), and in the United States, Cardinal Gibbons (d. 1918).

2. A few of the more famous names of the *Catholic laymen* were the following: In France, Le Play (d. 1882), college professor and writer; de Mun (d. 1914), and his friend de La Tour du Pin (d. 1924), army officers captured by the Germans in the war of 1870, who learned of Catholic social work in Germany during their captivity, and on their return to France worked to introduce it there; Marmel (d. 1914), Catholic businessman and industrialist. In Germany, Brandts (d. 1914), and Windhorst (d. 1891), leaders of the Catholic Centre Party. In Austria, the nobleman Liechtenstein and the convert Vogelsang (d. 1890). In Switzerland, the statesman De Curtins (d. 1916). In Belgium, Professor Perin (d. 1905). In Italy, Professor Toniolo (d. 1918).

3. In the United States, however, there were no generally recognized lay leaders in Catholic social action before *RN*, nor indeed for many years after, unless we except some Catholic leaders in the Knights of Labor.

6. *These men were without question sincerely seeking an immediate remedy for this lamentable disorganization of States and a secure safeguard against worse dangers. Yet such is the weakness of even the best of human minds that, now rejected as dangerous innovators, now hindered in the good work by their very associates advocating other courses of action, and, uncertain in the face of various opinions, they were at a loss which way to turn.*

1. In general, their program of *remedy* and *safeguard* can be brought under three heads: first, a renewal of the Christian spirit; secondly, some State intervention (although before *RN* not all of them believed in State intervention); and thirdly, the organization of workingmen and employers into unions and associations, and into the system of the "orders." These organizations will be explained further on in *QA* n. 29 ff., and n. 81 ff.

2. They were *rejected as innovators* (or radicals) by the ultra-conservatives in their respective countries, many of them Catholics, who had a horror of anything that resembled Socialism, and who thought they saw in their organizing of the workingmen and their appeals for State intervention, a radical approach to Socialism; hence the charge of "radicalism" was brought against them. The conservatives pointed to the numerous disastrous strikes, often headed by Anarchists, that occurred all over Europe and the Americas in 1885-1890, and insisted that these were signs that the Church could never approve the labor union idea.

3. Some of the men named did not believe in State intervention between employer and employees, while others did; some held that the organization should be compulsory, while others advocated voluntary guilds; this, of course, resulted in their being *hindered in the good work by their*

very associates. In the United States, a workingmen's organization called the Knights of Labor was held by some Catholics to be a secret Socialistic society, and had been condemned as such by the Bishops of Canada; but Cardinal Gibbons warmly defended the Knights of Labor in Rome, where his opinion finally prevailed.

7. *In such a sharp conflict of minds, therefore, while the question at issue was being argued this way and that, nor always with calmness, all eyes as often before turned to the Chair of Peter, to that sacred depository of all truth whence words of salvation pour forth to all the world. And to the feet of Christ's Vicar on earth were flocking in unaccustomed numbers, men well versed in social questions, employers, and workers themselves, begging him with one voice to point out, finally, the safe road to them.*

**Appeal
to
Rome**

1. The well versed men seem to have been the members of the "Union of Fribourg." Leon Harmel, a great French Catholic industrialist, was the leading employer: in 1885, he led a pilgrimage of one hundred French capitalists who brought Leo XIII an address signed by one thousand French employers, in which they stated that "the Church alone can re-establish in the industrial family the practice of justice and charity." Leo XIII said to Harmel on this occasion: "Go home and bring back your employees and workers"; he did so, returning each year with large groups of workers who begged the Pope to raise his voice in behalf of labor; in 1889, there were 10,000 workers in such a pilgrimage, led by Cardinal Langenieux, Archbishop of Rheims.

2. The "Union of Fribourg" was a little group of the leading social-minded Catholics of various European nations, formed in 1884, at the suggestion of the French Count de la Tour du Pin. They gathered in the library of Bishop Mermillod at Fribourg; hence the name, "Union of Fribourg." In 1886, and again in 1888, they presented Leo XIII with the results of their discussions in the form of statements of Catholic social principles.

8. *The wise Pontiff long weighed all this in his mind before God; he summoned the most experienced and learned to counsel; he pondered the issues carefully and from every angle. At last, admonished "by the consciousness of His Apostolic Office,"⁽¹⁾ lest silence on his part might be regarded as failure in his duty ⁽²⁾ he decided, in virtue of the Divine Teaching Office entrusted to him, to address not only the whole Church of Christ but all mankind.*

**Leo's
Reply**

1. It has been stated that Leo XIII named a commission to study the matter of a labor Encyclical in 1881, but this view seems incorrect; the first definite knowledge of his intentions came on January 30, 1888,

(1) Encyclical On the Condition of Workers, May 15, 1891, n. 3.

(2) Encyclical On the Condition of Workers, cf. n. 24.

when he told some members of the Union of Fribourg, headed by Bishop Mermillod, that he was then working on the Encyclical *Libertas*, (to appear June 20, 1888) but as soon as it was finished, he intended to undertake the composition of one on the social question. He asked for a copy of their second general statement of Catholic principles; and besides using this document, seems also to have consulted the Jesuit moral theologian, Lehmkuhl, the Jesuit philosopher, Liberatore, and the Dominican Weiss, author of a great work "Apologie des Christentums."

2. The first draft was made by the Dominican, Cardinal Zigliara; Leo XIII, however, found this too prolix and theoretical, and directed two of his private secretaries, Monsignori Volpini and Boccali, to recast it completely; he then submitted it anew to Cardinal Zigliara, who made some minor additions and returned it to the Pope. Leo XIII then added the final touches himself, and a few days later it was published. The first English version was prepared by the collaboration of Cardinal Manning, Archbishop Walsh of Dublin, and Bishop Hedley of Newport. Later editions were rather numerous, and all vary somewhat in their wording. In 1943, the Catholic University of America put out a completely new translation of *RN* together with its new translation of *QA*.

3. The original Latin of *RN* had no marginal numbering; this was added in a later Latin edition of Leo XIII's Encyclicals; and was the numbering used in the first official Latin of *QA* in its footnote references to *RN*. At the end of his book *The Christian Social Manifesto*, Father Husslein has the text of *RN* in English with this numbering. The English edition of *RN* put out by Catholic University in 1943, however, introduced a new numbering of *RN*, according to which each paragraph, long or short, gets its number (for the old arrangement seems to have been rather haphazard). The references to *RN* throughout this commentary are both to the old numbering and to that of the Catholic University edition, e.g., a passage in *RN* which occurs in n. 4 of the old numbering and n. 9 of the new will be referred to thus: *RN* n. 4(9).

4. The *Teaching Office* in general is the power to instruct in truth and to guide in right conduct. The Pope's *Divine Teaching Office* is his God-given infallible power to instruct the world in the truths of divine natural law and divine revelation, and his God-given supreme authority to guide, direct, and command men towards saving their souls in accord with divine natural law and divine revelation. See below n. 41/10-14.

5. Consequently, there is a general obligation binding under grave sin to believe what the Pope teaches in any Papal Encyclical on the meaning of Scripture and the natural law and their application to modern conditions: property, capital and labor, wages, unions, business life, Communism, Socialism, and government. There is likewise a general obligation binding under grave sin to obey the directions given by the Pope in these matters. Hence, generally speaking, it is a grave sin deliberately to disregard or to deride the contents of *RN* or any Papal Encyclical: because it is not conceivable that the Pope in making the pronouncements of an Encyclical would wish his teachings and commands to be taken only lightly, or to bind generally only under light sin. See below n. 39/3. It is noteworthy also that the Encyclicals, besides being authoritative pronouncements, are also the result of highly expert investigations into the conditions with which they deal; and because of this expert quality, it is

hardly safe for the average reader to take them lightly, or set himself up in opposition to them. Hence even though it may be difficult to find new infallible pronouncements in *QA* or another Encyclical, there is still a serious obligation to respect, believe, and obey its contents. As a matter of fact, a careful examination shows that there are more than fifty definite precepts or disciplinary commands set forth by the Pope in the course of *QA*.

9. *Therefore on the fifteenth day of May, 1891, that long awaited voice thundered forth; neither daunted by the arduousness of the problem nor weakened by age but with vigorous energy, it taught the whole human family to strike out in the social question upon new paths.*

1. The arduousness of the problem was the danger that the Pope's words would be misunderstood, and that he would be quoted as supporting erroneous doctrines, with the consequent danger to the Church and souls.

2. Leo XIII was eighty-one years old when he published *RN*, having been born March 2, 1810.

Section 2. Chief Headings of *Rerum Novarum*

10. *You know, Venerable Brethren and Beloved Children, and understand full well the wonderful teaching which has made the Encyclical, On the Condition of Workers illustrious forever. The Supreme Pastor in this Letter, grieving that so large a portion of mankind should live "undeservedly in miserable and wretched conditions,"* ⁽¹⁾ *took it upon himself with great courage to defend "the cause of the workers whom the present age had handed over, each alone and defenseless, to the inhumanity of employers and the unbridled greed of competitors."* ⁽²⁾ *He sought no help from either Liberalism or Socialism, for the one had proved that it was utterly unable to solve the social problem aright, and the other, proposing a remedy far worse than the evil itself, would have plunged human society into greater dangers.*

Summary of *Rerum Novarum*

1. *Liberalism*, as Pius XI takes it in *QA*, is not the entire body of "false teachings on human liberty" condemned in the Encyclical of Leo XIII, *Libertas*, referred to in n. 2 above, but one in particular of these false theories, namely, Economic Liberalism; Pius XI also sometimes calls it Individualism or Economic Individualism. Thus, as he describes it, it is the theory: 1) which holds that the State is nothing but the guardian of law and order; 2) which prevents effective government elimination of evils in business and industry; 3) which inclines rulers to regard labor unions with disfavor; 4) which leads men to regard private property as

(1) Encyclical *On the Condition of Workers*, cf. n. 5.

(2) Encyclical *On the Condition of Workers*, cf. n. 6.

something exclusively personal and individual. These points are developed below, as they occur in the Encyclical. (See below n. 25, 30, 46, 88.)

2. As is evident, the Church expressly and repeatedly condemns Economic Liberalism; see Leo XIII's *Libertas* and see below, n. 25, 30, 78, 88, 109.

3. The Economic Liberalism condemned by the Popes is the same thing as the "Rugged Individualism" praised by Herbert Hoover in the boom days of the 1920's, or the "enlightened self-interest" glorified by the National Association of Manufacturers in their pamphlet "Declaration of Principles Relating to the Conduct of American Industry," published as late as 1939.

4. The "New Deal Liberals," however, are quite different. This name was first used about the year 1934, when the United States Supreme Court was threatening to invalidate much of the legislation passed by the Roosevelt Administration. This legislation was an effort to do what President Roosevelt had promised before his election: give "the forgotten man" a "new deal." As interpreted by the courts up to about that time, however, the American constitution did not permit the government to intervene positively in social and economic matters, but allowed it only to stand by negatively as the guardian of rights and order. What the New Deal now sought was a more liberal interpretation of the constitution in behalf of the new social legislation; hence the name "Liberals." At the same time, these latter were bitterly opposed by the representatives of the old Economic Liberalism, who organized in groups like the "American Liberty League" on the plea that the New Deal legislation was an invasion of individual liberty. Hence the New Deal Liberals held just the opposite doctrines from those of the old Economic Liberals, though the name is the same. Towards the end of the 1930's, too, the term "Liberals" came to have still another meaning in the United States; popular writers began to call themselves "Liberals" in the sense that they were opposed to all forms of social restraint on liberty, especially that of the Fascist and Nazi regimes. Communists too called themselves "Liberals" at times; but not all "Liberals" were Communists. Still, many of them, despite their hatred of "Fascism," seemed to favor a kind of totalitarian State in the United States.

5. The United States before the depression of 1929-1935 was probably dedicated to the principles of the old Economic Liberalism; but the decisive and repeated election of the New Deal—1932-36-40-44—which openly combated the principles of Economic Liberalism,—indicates that the majority of the voters in the United States, that is, the United States itself, under majority rule, by going over to the New Deal had renounced the principles of the old Economic Liberalism, at least during the 1930's.

6. It is clear that Leo XIII *sought no help from Liberalism* because in the introduction of *RN* he repudiates *Liberalism* indirectly by speaking with condemnation of "the unbridled greed of competitors,"—*RN* n. 2(6),—and in Part Two of *RN* he repudiates it clearly by demanding that both Church and State take a positive, affirmative part in providing a remedy for the misery of the poor. In fact, Pius XI says that Leo *boldly overturned the idols of Liberalism* by *RN* (below, n. 14).

7. By Socialism here, Pius XI means the Socialism of 1891, the parent of present-day Communism.

8. The *Liberalism* of 1891 had proved *unable to solve the social problem*, because instead of providing a remedy for the misery of the poor, it had brought things to such a pass, that, as Leo XIII says in *RN*, n. 2(6), "a very few rich and exceedingly rich men have laid a yoke almost of slavery on the unnumbered masses of non-owning workers."

9. Leo XIII describes the *remedy offered by Socialism* in *RN*: "To cure this evil, the Socialists, exciting the envy of the poor toward the rich, contend that it is necessary to do away with private possession of goods and in its place to make the goods of individuals common to all, and that the men who preside over a municipality or who direct the entire State should act as administrators of these goods."

10. This was a *remedy far worse than the evil*, because, instead of providing a remedy for the misery of the poor, it would have taken from them the little they did possess; and more than that, would have deprived them even of the hope of ever possessing anything as their own, as Leo XIII shows in *RN*, n. 4(9).

11. And Socialism *would have plunged society into greater dangers*, because, as Leo XIII says in *RN*, n. 12(22): "The door would be open to mutual envy, detraction, and dissension. If incentives to ingenuity and skill in individual persons were to be abolished, the very fountains of wealth would necessarily dry up; and the equality conjured up by the Socialist imagination would, in reality, be nothing but uniform wretchedness and meanness for one and all, without distinction." Note that all this has actually happened wherever efforts were made to introduce any practical form of Communism as the rule of civil society—as in New Harmony, Indiana, described in the *Reader's Digest*, November, 1942, and in the *Encyclopedia of Social Sciences*, article *Communitic Settlements*;—and in Soviet Russia, until there the principles of Communism were abandoned or watered down to something less impracticable (see below n. 112).

12. And since all of Part One of *RN* is devoted to a refutation of Socialism (see below n. 44-5), it is evident that Leo XIII *sought no help from Socialism*.

11. Since a problem was being treated "for which no satisfactory solution" is found "unless religion and the Church have been called upon to aid,"⁽¹⁾ the Pope, clearly exercising his right and correctly holding that the guardianship of religion and the stewardship over those things that are closely bound up with it had been entrusted especially to him and relying solely upon the unchangeable principles drawn from the treasury of right reason and Divine Revelation, confidently and as one having authority, ⁽²⁾ declared and proclaimed "the rights and duties within which the rich and the proletariat—those who furnish material things and those who furnish work—ought to be restricted in relation to each other,"⁽³⁾ and what the Church, heads of States and the people themselves directly concerned ought to do.

(1) Encyclical, *On the Condition of Workers*, n. 24.

(2) Cf. Matt. 7/29.

(3) Encyclical, *On the Condition of Workers*, n. 4.

1. The *right* which the Pope was *clearly exercising* is the right to speak on all matters that fall within the sphere of religion, which right is the Pope's own because he is the Vicar of Jesus Christ (see below n. 41-43).

2. *A problem for which no satisfactory solution is found unless religion and the Church have been called upon to aid* The reason for this statement, taken from *RN*, n. 13(24) is because without religion and the Church there can be no proper regard for the dignity, i.e., the lofty and sacred character, of every individual person, and no cure for the selfishness which lies at the root of modern social disorders. These points are developed more fully further on in *QA* n. 129; n. 137-9.

3. These *unchangeable principles* include among others "Thou shalt not steal"; "love thy neighbor as thyself"; man has an eternal destiny, and God gave material wealth as a means of helping him attain that destiny; God gave the earth and its riches to serve the needs of all men, and not merely of a few.

4. *Right reason*, as the Pope takes it here, means: correct knowledge of the natural law, especially the precepts expressed in the Ten Commandments, which knowledge serves as a guide for human life.

5. Some of the *duties* of the *poor man* and the *proletariat* (with the corresponding *rights* of the *rich*) given in *RN* n. 16(30), are: "To perform entirely and conscientiously whatever work has been voluntarily and equitably agreed upon; not in any way to injure the property or to harm the person of employers; in protecting their own interests, to refrain from violence and never to engage in rioting; not to associate with vicious men who craftily hold out exaggerated hopes and make huge promises, a course usually ending in vain regrets and in the destruction of wealth."

6. On the other hand, some of the *duties* of the *rich* (with the corresponding *rights* of the *proletariat*) given in *RN* n. 16-17 (31-2), are as follows: "Religion teaches that workers are not to be treated as slaves; It is shameful and inhuman, however, to use men as things for gain and to put no more value on them than what they are worth in muscle and energy . . . it is the duty of employers to see that the worker is free for adequate periods to attend to his religious obligations; . . . more work is not to be imposed than strength can endure, nor that kind of work which is unsuited to a worker's age or sex . . . To defraud anyone of the wage due him is a great crime that calls down avenging wrath from Heaven."

7. As to the part to be taken by the *heads of States and the people themselves directly concerned*, this subject is developed in Chapter One of *QA*.

12. *The Apostolic voice did not thunder forth in vain. On the contrary, not only did the obedient children of the Church hearken to it with marvelling admiration and hail it with the greatest applause, but many also who were wandering far from the truth, from the unity of the faith, and nearly all who since then either in private study or in enacting legislation have concerned themselves with the social and economic question.*

**Satisfaction
Caused by
Rerum Novarum**

1. In regard to the *applause* which hailed *RN* the Catholic World of New York had this to say in its issue of August, 1891: "The reception given this Encyclical on every hand is a sufficient test of its importance and the broad and liberal spirit that animates it. Catholic and non-Catholic, conservative and radical are alike loud in its praise. Only a few grotesque bigots here and there, who still stultify themselves and maintain that nothing good can come out of Galilee, have questioned its value." In the fall of 1891, too, an immense pilgrimage of French workingmen went to Rome to thank Leo XIII for *RN*.

2. *Many also who were wandering far from the unity of the faith . . .* In June, 1891, the *Review of Reviews*, a secular periodical, carried an extended review of *RN* calling it "The Book of the Month," and giving it high praise especially for upholding the necessity of the supernatural in solving the social question.

13. *Feeling themselves vindicated and defended by the Supreme Authority on earth, Christian workers received this Encyclical with special joy. So, too, did all those noble-hearted men who, long solicitous for the improvement of the condition of the workers, had up to that time encountered almost nothing but indifference from many, and even rankling suspicion, if not open hostility, from some. Rightly, therefore, have all these groups constantly held the Apostolic Encyclical from that time in such high honor that to signify their gratitude they are wont, in various places and in various ways, to commemorate it every year.*

1. In France, before 1940, the memory of *RN* was commemorated every year in Paris on Ascension Thursday; in England, the Catholic Social Guild promoted annual "rallies."

14. *However, in spite of such great agreement, there were some who were not a little disturbed; and so it happened that the teaching of Leo XIII, so noble and lofty and so utterly new to worldly ears, was held suspect by some, even among Catholics, and to certain ones it even gave offense. For it boldly attacked and overturned the idols of Liberalism, ignored long-standing prejudices, and was in advance of its time beyond all expectations, so that the slow of heart disdained to study this new social philosophy and the timid feared to scale so lofty a height. There were some also who stood, indeed, in awe at its splendor, but regarded it as a kind of imaginary ideal of perfection more desirable than attainable.*

1. *Those who were not a little disturbed* were, for instance, the Royalists in France, who charged that Count de Mun, the ardent supporter of *RN*, was promoting class warfare by upholding the rights of the poor; and in the United States, Henry George, Father McGlynn and their followers, who held with *long-standing prejudices* to their "single tax" theory, which Leo XIII had expressly condemned in the Encyclical as a violation of the natural right to own property. Henry George challenged *RN* in a book, "The Condition of Labor," which he called "an open letter

to Leo XIII." It is also related that when *RN* was read from the pulpit in St. Patrick's Cathedral, New York, one elderly gentleman got up and left the church murmuring "Socialism, Socialism"!

2. The *idols of Liberalism* were the doctrines that the Church and State have nothing to say in the business world; and Leo XIII overthrew these doctrines by proving in Part Two of *RN* that there can be no solution of the social problem without the intervention of both Church and State.

3. *RN* was also *in advance of its time*, because up to that time, few governments had taken much action in behalf of the workingman. On the appearance of *RN*, one English Tory paper asked: "How many politicians would have thus committed themselves?" A German Socialist paper said: "The Pope has stolen the lead on Princes and governments." Cardinal Manning published a long article on the Encyclical in the *Dublin Review*, in which he compared Leo's Attitude in *RN* to that of Our Lord in the desert when He said: "I have compassion on the multitudes."

Section 3. Scope of the Present Encyclical

15. *Venerable Brethren and Beloved Children, as all everywhere and especially Catholic workers who are pouring from all sides into this Holy City, are celebrating with such enthusiasm the solemn commemoration of the fortieth anniversary of the Encyclical On the Condition of Workers, We deem it fitting on this occasion to recall the great benefits this Encyclical has brought to the Catholic Church and to all human society; to defend the illustrious Master's doctrine on the social and economic question against certain doubts and to develop it more fully as to some points; and lastly, summoning to court the contemporary economic regime and passing judgment on Socialism, to lay bare the root of the existing social confusion and at the same time point the only way to sound restoration: namely, the Christian reform of morals. All these matters which We undertake to treat will fall under three main headings, and this entire Encyclical will be devoted to their development.*

FURTHER READINGS ON THE INTRODUCTION

On *Conditions in 1890* see Husslein, *Christian Social Manifesto* (Bruce) pp. 1-49; Cahill, *Framework of a Christian State*, (McGill, Dublin) p. 135 ff.; Spalding, *Chapters in Social History*, (Heath, N.Y.) Ch. XXIV; also the *Encyclopedia of Social Sciences* (ESS), articles: Industrial Revolution, Factory System, Private Fortunes, Exploitation, Hours of Labor; Haas, *Man and Society* (Century, N. Y.) p. 315 ff.

On *Resultant Conflict* see Commons and Associates, *History of Labor in the United States* (Macmillan) especially Vol. II. p. 195 ff.; Harris, *American Labor* (Yale University Press); Adamic, *Dynamite* (Viking); Smith, *The Unemployment Problem* (Bruce) esp. p. 32 ff. on *economic laws*.

On *Henry George and Fr. McGlynn*, see the very interesting account in Zwierlein, *Bishop McQuaid*, Chap. XXIX, (The Art Print Shop, Rochester); ESS, George.

On *Efforts of Catholics, Appeal to Rome, Leo's Reply*, see Somerville, *Catholic Social Movement*, (Burns Oates); Moon, *Labor Problem and the Social Catholic Movement in France* (Macmillan); McEntee, *The Social Catholic Movement in Great Britain* (Macmillan); Will, *Life of Cardinal Gibbons* (Dutton), Vol. I pp. 320 ff. and 353 ff.; Ryan and Husslein, *The Church and Labor*, (Macmillan); pp. 24-56 (on von Ketteler); p. 145 ff. (Cardinal Gibbons on Knights of Labor); Plater, *The Priest and Social Action* (Longmans), especially Chapters 4-9; Cahill, *Framework, etc.*, p. 254 ff.; Walsh, *The Saints and Social Work* (Preservation of the Faith Press), a remarkable and interesting account of the social work of twenty-five people who lived in the nineteenth century and are now canonized or beatified. The booklets published by the Catholic Social Guild of Oxford, England, are especially good, e.g., Crawford, *Catholic Social Doctrine*, 1891-1931; Brauer, *The Catholic Social Movement in Germany*, and Leys, *European Catholics and the Social Question*. Perhaps the best account of all, however, is contained in Soderini-Carter, *Pontificate of Leo XIII*, (Burns Oates), p. 189 ff. ESS has brief biographies of Hitze, von Ketteler, Le Play, de Mun, Vogelsang. The Jesuit weekly, *America*, Vol. 45, pp. 46 and 200, has two good articles on the Union of Fribourg and the workers' pilgrimages to Leo XIII.

On the Pope's *Divine Teaching Office* see Leo XIII's Encyclical "On the Chief Duties of Christians as Citizens" in *The Pope and the People* (Catholic Truth Society).

On *Economic Liberalism* see an excellent series of articles in the Jesuit weekly, *America*, during April, 1944 (Volume 70/705; 71/7, 37, 63) by Benjamin Masse, S. J.

The books cited also contain matter on the *Satisfaction and Dissatisfaction* caused by *Rerum Novarum*; see also Nell-Breuning and Dempsey, *Reorganization of Social Economy* (Bruce), p. 24 ff.

PART ONE

BENEFITS WHICH HAVE COME FROM RERUM NOVARUM

16. *To begin with the topic which We have proposed first to discuss, We cannot refrain, following the counsel of St. Ambrose,⁽¹⁾ who says that "no duty is more important than that of returning thanks," from offering our fullest gratitude to Almighty God for the immense benefits that have come through Leo's Encyclical to the Church and to human society. If indeed We should wish to review these benefits even cursorily, almost the whole history of the social question during the last forty years would have to be recalled to mind. These benefits can be reduced conveniently, however, to three main points, corresponding to the three kinds of help which Our Predecessor ardently desired for the accomplishment of his great work of restoration.*

1. The three kinds of help which Leo XIII desired are indicated in Part Two of RN, where he showed that the true remedy for the misery of the poor was to be applied by the intervention and cooperation of 1) Church, 2) Civil Authority, and 3) Parties Concerned.

Chapter One

What the Church Has Done

17. *In the first place Leo himself clearly stated what ought to be expected from the Church:⁽²⁾ "Manifestly it is the Church which draws from the Gospel the teachings through which the struggle can be composed entirely, or, after its bitterness is removed, can certainly become more tempered. It is the Church, again, that strives not only to instruct the mind, but to regulate by her precepts the life and morals of individuals, and that ameliorates the condition of the workers through her numerous and beneficent institutions."*

1. Leo XIII in RN puts the teachings of the Church that can settle or temper social conflict under four heads: 1) humanity must remain as it is; it is impossible to reduce human society to a level . . . there naturally exist among men innumerable differences of the most important kind; 2) since the fall of Adam, bodily labor is compulsory, and the expiation of man's sin; 3) to suffer and to endure is the lot of humanity;

(1) St. Ambrose, *De Excessu fratris sui Satyri*, lib. I, 44.

(2) *Encyclical On the Condition of Workers*, n. 25.

all these are in *RN* 14(26-7); 4) (and most important) labor and capital are not naturally hostile to each other, but on the contrary each requires the other: "neither capital can do without labor, nor labor without capital,"—this is *RN* n. 15(28).

2. Leo XIII divides the *precepts* referred to into precepts of justice, *RN* n. 16-17(29-32), and precepts of charity, *RN* n. 18-21(33-39). *Precepts* of justice for the workers include e.g., faithfully to fulfill just contracts, to avoid injustice and violence towards employers; for employers, to treat workmen like human beings, give them a living wage, etc. *Precepts* of charity for all are: the only thing that matters about worldly goods is to use them rightly for eternal salvation, etc.; for the rich, use wealth not merely for self, but also for the benefit of others, etc.; for the poor, remember (from Christ's example) that labor is honorable, etc.

3. The *institutions* by which the Church promotes the betterment of the poor are: the sacraments and ministrations of the Church for the spiritual benefit of men, *RN* n. 22 (40-41): her policies, foundations, etc., for their material benefit—such as hospitals, orphanages, old peoples' homes; religious orders for charitable purposes, etc., *RN* n. 23-24 (42-45). Another institution of the Church for the betterment of society, not mentioned in *RN* nor even in *QA*, but which Pius XI urged strongly in the Encyclical "*Caritate Christi Compulsi*" on May 3, 1932, and in later Encyclicals, especially that on Atheistic Communism of March 19, 1937, is penance and reparation for the sins of the world. See below n. 129/2.

Section 1. In Teachings

18. *The Church did not let these rich fountains lie quiescent in her bosom, but from them drew copiously for the common good of the longed-for peace. Leo himself and his Successors, showing paternal charity and pastoral constancy always, in defense especially of the poor and the weak,⁽¹⁾ proclaimed and urged without ceasing again and again by voice and pen the teaching on the social and economic question which On the Condition of Workers presented, and adapted it fittingly to the needs of time and of circumstance. And many Bishops have done the same, who in their continual and able interpretation of this same teaching have illustrated it with commentaries and in accordance with the mind and instructions of the Holy See provided for its application to the conditions and institutions of diverse regions.⁽²⁾*

**The
Teachers**

(1) Let it be sufficient to mention some of these only: Leo XIII's Apostolic Letter "*Praeclara*," June 20, 1894, and Encyclical "*Graves de Communi*," January 18, 1901; Pius X's "*Motu Proprio De Actione Populari Christiana*," December 8, 1903; Benedict XV's Encyclical "*Ad Beatissimi*," November 1, 1914; Pius XI's Encyclical "*Ubi Arcano*," December 23, 1922, and Encyclical "*Rite Expiatis*," April 30, 1926.

(2) See La Hierarchie Catholique et le Probleme social depuis l'Encyclique *Rerum Novarum* 1891-1931, pp. XVI-335; ed. "Union Internationale d'Etudes Sociales, fondée a Malines, en 1920, sous la presidence du Card. Mercier." Paris, Editions "Spes," 1931.

1. *Leo himself and his Successors proclaimed and urged without ceasing . . .* The Popes issued, on an average, six pronouncements a year on these matters; and a book published in 1931 (cited in the second footnote to the text of n. 18) is filled throughout 335 pages with only a list of names, dates, etc., of documents of Popes and Bishops. The English versions of particular Papal writings cited in the first footnote can all be found, except "Præclara" and "Rite Expiatis" in *The Pope and the People*, and "Præclara" is to be found in "The Great Encyclical Letters of Leo XIII." The Paulist Press has also published a pamphlet version of "Graves de Communi," — on Christian Democracy. After 1931, too, Pius XI issued many social pronouncements every year, especially the Encyclicals on Atheistic Communism, on the Church in Germany, and to the Bishops of Mexico in 1937. As to Pius XII, besides his Encyclical to the American Bishops in 1939, and his radio address commemorating the fiftieth anniversary of *Rerum Novarum* in 1941, practically all of his Christmas messages on peace and reconstruction from 1939 to 1944 reaffirm the principles of *RN* and *QA*.

2. The American Bishops have also spoken on these matters; besides various pastorals of individual Bishops, there are three important documents of the American Hierarchy: 1) "The Bishops' Program of Social Reconstruction" of February 12, 1919, (reissued in 1939); 2) "The Bishops' Pastoral Letter" of February 22, 1920; and 3) The Bishops' Program on *The Church and Social Order*, issued February 7, 1940. Copies of them can be had from the National Catholic Welfare Conference, Washington, D. C. The first two are also to be found in Ryan and Husslein, *The Church and Labor*, pp. 220 and 242. Special reference to these documents will be made in the proper places in the commentary.

19. *It is not surprising, therefore, that many scholars, both priests and laymen, led especially by the desire that the unchanged and unchangeable teaching of the Church should meet new demands and needs more effectively, have zealously undertaken to develop, with the Church as their guide and teacher, a social and economic science in accord with the conditions of our time.*

1. The *scholars* referred to in this paragraph are not those who popularized the doctrine for the people, but those who drew it up in scientific form. Among the *priests* was the Jesuit Heinrich Pesch (died 1926) who wrote five massive German volumes on "Nationalökonomie." Father Vermeersch (died July 12, 1936), professor at the Gregorian University in Rome for many years and consultant to the Holy See, wrote a book called "Questiones de Justitia" and also many articles in periodicals. Father Victor Cathrein (died Sept. 10, 1931), another Jesuit, besides a Latin textbook on Moral Philosophy (used for years before 1931 in Catholic seminaries) wrote a large two-volume work, "Moralphilosophie," and another (later translated into English) on Socialism. In the United States, Msgr. John A. Ryan of Catholic University, Director of the Social Action Department of the National Catholic Welfare Conference, and Fr. Joseph Husslein, S.J., wrote many books and articles on social matters. Msgr. Francis J. Haas of St. Francis Seminary, Milwaukee, Wisconsin,

later to be Dean of the first School of Social Science at Catholic University, and still later (1943) Bishop of Grand Rapids, wrote "Man and Society." In Canada, the best known writer in English was Henry Somerville. The so-called "Official Catholic Year Book" published in 1928 has on page 556 ff., the names of about 45 American Catholic writers on social matters with short accounts of the lives of about 15 of them.

2. Some of the better known *laymen* were Chesterton (died in 1936) and Belloc in England, the great "distributists,"—who wrote especially in favor of a wider distribution of the ownership of property. In the United States, Arthur Preuss (died 1934) was editor of the *Fortnightly Review* of St. Louis, which carried many articles on social matters: Joseph Matt, K.S.G., of St. Paul, in his excellent weekly paper *The Wanderer* also published many articles and editorials of solid worth; but F. P. Kenkel, K.S.G., of St. Louis was the outstanding Catholic layman writing scientifically on the subject since 1908, when he took charge of the Central Bureau of the Central Verein (cf. below n. 37/3).

3. The mention of *scholars* here probably refers particularly to the "International Union of Social Studies," founded at Malines in 1920 under the presidency of Cardinal Mercier, and counting the leading Catholic economists of the world as members. One of their publications, "Code Social," published in English by the Catholic Social Guild of Oxford in 1929 as "A Code of Social Principles" is perhaps, after the Papal Encyclicals, the most outstanding Catholic document in the world on the social question.

20. *And so, with Leo's Encyclical pointing the way and furnishing the light, a true Catholic social science has arisen, which is daily fostered and enriched by the tireless efforts of those chosen men whom We have termed auxiliaries of the Church. They do not, indeed, allow their science to lie hidden behind learned walls. As the useful and well attended courses instituted in Catholic universities, colleges, and seminaries, the social congresses and "weeks" that are held at frequent intervals with most successful results, the study groups that are promoted, and finally the timely and sound publications that are disseminated everywhere and in every possible way, clearly show, these men bring their science out into the full light and stress of life.*

**To Catholic
Social
Science**

1. In the preceding paragraph, Pius XI stated that scholars sought to develop "social and economic science"; here he says: *a Catholic social science has arisen*. The reason for this is because, whereas social science deals with the relations between man and man, man and business, man and government, economic science deals with the ways of producing and distributing wealth. Further on in *QA* n. 42, the Pope shows that although economics comes under the moral law and the Church insofar as it is a matter of right and wrong, still economics has its own principles and methods. Hence he refrains (as Catholic scholars generally had done) from speaking of *Catholic* economic science. Since 1931, however, the college course in "economics" has come to include much more than "ways of producing and distributing wealth,"—for instance, at Catholic University in Washington, D.C., there are courses in the Department of Economics on

"Collective Bargaining," "Labor and Government," "The Cooperative Movement."

2. *Chosen men . . . auxiliaries of the Church . . .* On various occasions Pius XI had addressed educators, school teachers and professors as auxiliaries of the Church; but he had also called Catholic Action "the auxiliary force of the Church"; and had also stated that the members of Catholic Action should be "picked men"; so here it seems he is referring to the members of "Catholic Action."

3. A list of the *courses instituted at Catholic Universities, etc.*, would be almost a list of all the Catholic universities and colleges from Syria to China to Poland, and from Canada to Chile. In the United States, the first regular course was opened at Catholic University in 1895; this course was later merged with the School of Philosophy. The first permanent course was begun at Fordham University, New York City, in the old Woolworth skyscraper, in the year 1916-17; it was called a "School of Sociology." Similar courses which came to be founded in other Catholic Universities were called "Sociology," "Economics," or "Social Science." In 1938, at the express wish of Pius XI, a separate School of Social Science was established at Catholic University, Washington, D.C., and Father Francis J. Haas was named Monsignor by the Pope and appointed to be Dean of the School. In 1941 the School had three departments: Economics, Politics, and Sociology. The School of Social Science at Catholic University is not to be confused with the National Catholic School of Social Service, also located in Washington, D. C., founded in 1921 for the purpose of training women social workers in the Catholic spirit of beneficence and charity.

4. The *social congresses and "weeks"* are courses of popular public lectures on Catholic social doctrine held for a week at a time in a different city each year. They are attended by rich and poor, clergy and laity; and at various times between 1900 and 1940 have been held in almost every Catholic country in the world, including Canada and Mexico. The two most famous are the "Social Week of France," begun in 1904, interrupted during the war of 1914-18, and resumed in 1919 (until 1939); and the "Social Week of Italy" which covered almost the same period. Out of the Social Weeks in France grew the practical result of the "salaire familial" (see below n. 71/23), i.e. supplements for workers' wages in proportion to the size of the family. Generally one single theme is treated throughout a "week,"—such as property, the State, civil liberty, the family, education, etc. There are also "Labor-Union Weeks," "Farmers' Weeks" etc.

5. The first "Social Week of Canada" was held in 1920, and they have been held almost every year since. The language is French, and the "Weeks" are managed by a "Commission Generale des Semaines Sociales du Canada," headed by the Cardinal Archbishop of Quebec. The themes treated include Rerum Novarum, Capital and Labor, the Family, Property, Cooperation, Democracy, etc.

6. In Mexico, during one of the few precarious breathing spaces the Church had in a century of revolution and persecution, she went energetically to work for the social betterment of the poor: "Catholic Congresses" were held in 1903, 1904, 1906,—and after that, five annual social weeks were held before the new outbreak of revolution after 1910; these "weeks,"

etc., had various good practical results for the poor, such as the founding of cooperatives, credit unions, etc.

7. In the United States we have something resembling the social weeks in the "Catholic Conference on Industrial Problems." The first annual meeting was held in Milwaukee in 1923; then Pittsburgh, Chicago, Cleveland, Detroit, and Cincinnati were the places of meeting in the succeeding five years; in 1929, the single annual meeting was discontinued and in its place various "regional" meetings were held each year. In May, 1938, the First National Catholic Social Action Conference was held in Milwaukee, sponsored by Archbishop, later Cardinal, Stritch; in June, 1939, the second was held in Cleveland. The meetings and conferences are sponsored by the Social Action Department of the N.C.W.C. together with the School of Social Science of Catholic University, and the Catholic Conference on Industrial problems. Representatives of labor and capital attend them, and interesting and valuable lectures are given and discussions held.

8. The *study groups* were general throughout Europe: in England, the Catholic Social Guild, founded in 1909, specialized in establishing and promoting study circles; and the Social Action Department of the N.C.W.C. has strongly encouraged them in the United States.

9. The *publications* may be treated under three heads: 1) publishing agencies, 2) periodicals, 3) books. About the publishing agencies: in France, the "Action Populaire," a national Catholic "information bureau and social secretariat" distributed between 1903 and 1912, 1,000,000 pamphlets; 200,000 almanacs; 150,000 leaflets; and 60,000 volumes. In Germany the Volksverein, a national society for Catholic social education, had a section of information and propaganda which in one year (1912-13) distributed 851,145 books and brochures, and more than 11,000,000 leaflets, tracts, and journals; and so on throughout the other countries of Europe. In the United States there are two agencies which have issued many social publications: the Central Bureau of the Catholic Central Verein of America, at St. Louis, and the Social Action Department of the National Catholic Welfare Conference at Washington, D. C. The convert David Goldstein also brought Catholic social doctrine to the people in his lecture tours against Socialism 1910-1916.—Before 1936, too, the radio broadcasts of Father Coughlin, of Royal Oak, Michigan, did a good deal to acquaint the public with the existence of the social Encyclical. About the periodicals (to limit ourselves to some English and American ones): English periodicals before 1931 that featured Catholic social doctrine were: "The Christian Democrat," published by the Catholic Social Guild of Oxford; and "G.K.'s Weekly," published by G. K. Chesterton. Some American periodicals before 1931 were: "Central Blatt and Social Justice," published by the Central Bureau of the Central Verein, St. Louis; (since April, 1940, called "Social Justice Review"); "Catholic Charities Review," published at Washington, D.C.; "N.C.W.C. Bulletin" (later "N.C.W.C. Review" and now "Catholic Action") published by the N.C.W.C. at Washington; and the "America" and the "Commonweal" with their sections and articles on social and economic questions. As to books: the Social Action Department of N.C.W.C. issued in 1930 "a list of Catholic books, pamphlets, and magazines on economic problems" which contains 150 titles of books, besides pamphlets and other material; and the

Catholic University of America in 1941 published a bibliography by Dr. P. Fitzpatrick, a layman, and Father Cletus Dirksen, C.P.P.S., containing 700 titles of works by Catholics in English on social matters published 1891-1941.

21. *Nor is the benefit that has poured forth from Leo's Encyclical confined within these bounds; for the teaching which On the Condition of Workers contains has gradually and imperceptibly worked its way To Non-Catholics into the minds of those outside Catholic unity who do not recognize the authority of the Church. Catholic principles on the social question have as a result passed little by little into the patrimony of all human society, and We rejoice that the eternal truths which Our Predecessor of glorious memory proclaimed so impressively have been frequently invoked and defended not only in non-Catholic books and journals, but in legislative halls also and courts of justice.*

1. *Catholic principles . . . passed into the patrimony of all human society . . .* This is evident e.g. in the general attitude on the living wage, which is now generally treated as something due the workingman in ordinary justice, and not simply as something prescribed by Leo XIII.

2. *. . . invoked and defended not only in non-Catholic books and journals, but in legislative halls also and courts of justice . . .* Note that the Pope does not say that *RN* or Leo XIII were cited by name by these non-Catholics, but that the *eternal truths* proclaimed by Leo XIII were thus *invoked and defended*. The *eternal truths* here referred to are such as the following: Labor is not a mere commodity; workers have the right to organize, to receive a living wage, to have decent working conditions and hours; to be protected against unemployment, accidents, old age, etc.; the State should protect the workers, especially women and children, against exploitation, etc., etc. Various *American laws* before 1931 brought them also into *legislative halls and courts of justice*. For instance the Clayton Act of 1914 declared expressly that labor "is not a commodity or article of commerce"; various State laws covered wages, hours, working conditions, woman and child labor, and provided for industrial insurance, etc.; and some of these were taken to the courts, even to the U. S. Supreme Court; the National War Board (1918-1919) provided against the interference of employers in the existing union organization of the workers. The Railway Act of 1926, covering only workers in the railway industry, forbade any interference by employers with their right to organize. After 1931, when *QA* appeared, the American New Deal *invoked and defended* the *eternal truths* of Leo XIII by various measures, such as the National Recovery Administration (N.R.A.); the Social Security Act; the National Labor Relations Act; the Fair Labor Standards Act or Wage and Hours Act, etc. (See below n. 26-28; n. 30/9-10; 69/23; 71/16, etc.).

22. Furthermore, after the terrible war, when the statesmen of the leading nations were attempting to restore peace on the basis of a thorough reform of social conditions, did not they, among the norms agreed upon to regulate in accordance with justice and equity the labor of the workers, give sanction to many points that so remarkably coincide with Leo's principles and instructions as to seem consciously taken therefrom? The Encyclical On the Condition of Workers, without question, has become a memorable document and rightly to it may be applied the words of Isaias: "He shall set up a standard to the nations."⁽¹⁾

**At the
Treaty
of
Versailles**

1. Note that the Pope does not praise the Treaty of Versailles in general; he describes without comment its *attempt to restore peace*, etc.; and if he praises it at all, it is only for this: that in one part of one section, namely, that dealing with labor conditions, it seems to have followed Leo's guiding principles. It is to be noted also that Pope Benedict XV in his peace messages during World War I had strongly urged international cooperation, and a genuine World Court and League of Nations.

2. With a view to this *thorough reform in social conditions*, the Peace Conference in 1919 unanimously adopted a resolution for the creation of a League of Nations, and appointed a committee to draft a constitution for it; committees were also appointed on responsibility for the war, reparations, international labor legislation, and regulation of ports and communications. The findings of these committees, as approved by the Conference, and the work of the Supreme Council of the Conference for the disposal of former German colonies constituted this *attempt at thorough reform*.

3. The report of the Committee on International Labor Legislation which was accepted by the Peace Conference on April 11, 1919, consisted of two parts: the first provided for an International Labor Conference, and an International Labor Office. This was done, and until 1939, the Conference met annually, and consisted of an equal number of delegates from each member nation; and the Office was attached to the League of Nations at Geneva as part of the administrative organization. The second part consisted of *the norms to regulate in accordance with justice and equity the labor of workers* to which the Pope refers. The International Labor Office sponsored a great many international agreements on wages, hours, conditions of labor, etc. In 1938, fifty-five nations were members of the ILO, or International Labor Office, including the United States (though the U. S. was not a member of the League itself), and an American, John G. Winant, was head or Director of the ILO. The outbreak of the war in 1939, however, caused the suspension of much of its activities and the transfer of its executive office to Montreal, Canada.

4. *Norms . . . that so remarkably coincide with Leo's principles*: e.g., labor is not to be regarded merely as a commodity; right of association guaranteed; living wage; weekly rest of 24 hours; abolition of child labor.

⁽¹⁾ Isaias XI, 12.

Section 2. In Applying the Teachings

23. *Meanwhile, as Leo's teachings were being widely diffused in the minds of men, with learned investigations leading the way, they have come to be put into practice. In the first place, zealous efforts have been made, with active good will, to lift up that class which on account of the modern expansion of industry had increased to enormous numbers but not yet had obtained its rightful place or rank in human society and was, for that reason, all but neglected and despised—the workers, We mean,—to whose improvement, to the great advantage of souls, the diocesan and regular clergy, though burdened with other pastoral duties, have under the leadership of the Bishops devoted themselves. This constant work, undertaken to fill the workers' souls with the Christian spirit, helped much also to make them conscious of their true dignity and render them capable, by placing clearly before them the rights and duties of their class, of legitimately and happily advancing and even of becoming leaders of their fellows.*

To whom Applied	
By whom Applied	
Non-Material Benefits	

1. The *learned investigations* consisted in the work of scholars, educators, publishers, etc., described under the previous heading "In teachings."

2. *Neglected and despised.* Employers regarded labor as a commodity, and workingmen as so much muscle power, with no thought of their dignity as human beings.

3. *Improvement of workers* described here differs from the work described above, which was directed mainly to the more or less educated classes, and was theoretical in nature; this *improvement* was directed immediately to the uneducated downtrodden laboring classes, and was a practical application of the theory.

4. The *Bishops* founded social and charitable works to benefit the poor; they chose special priests to work for the poor; they took a personal interest in such works for the benefit of the poor.

5. *Diocesan and regular clergy*... It would be impossible to enumerate even a fair portion of those engaged in this work in continental Europe; but Canon Cardijn of Belgium, founder of the great work of the JOC—the "Jocists", or Jeunesse Ouvriere Chretienne (see below n. 140/2-3) deserves special mention here. In England the best known names are: Msgr. Parkinson, of the diocesan clergy; Father Plater, S.J., and Father McNabb, O.P.

6. The *Christian spirit* consists in living convictions about e.g., the meaning of material goods in life, the nature and destiny of man, the harmony and cooperation that should reign between capital and labor, based on the "teachings" of the Church on these matters (above n. 17/1): it consists also in a readiness to obey the "precepts" of the Church on justice and charity in social relations (above n. 17/2); and the inward

power to live in accordance with these precepts and teachings, which is derived from the spiritual institutions of the Church (above n. 17/3).

7. *Fill the workers' souls with the Christian spirit.* . . . After the priests had won the confidence of the working class by work for their material benefit they were able 1) to teach them Catholic doctrine; 2) to train them in its practice by reception of the Sacraments, etc.; 3) to organize them in religious associations to make the practice easier: e.g., organizations to promote religious education, or the Catholic press; or to prevent evil literature from spreading, to curb drunkenness, etc. In the matter of teaching, since *QA*, the various "Labor Schools" in the United States should be mentioned; see below n. 143/5. In England, the "Catholic Workers' College" was opened at Oxford by the Catholic Social Guild in 1921; it offers courses in social and economic matters to ordinary workingmen; and between 1921 and 1939, seventy-three men and thirteen women had passed through the college.

8. *True dignity* . . . When crushed under miserable working and living conditions, the workers had almost necessarily begun to think and act according to the manner in which they were treated by their masters; like slaves or animals. Thanks to the labors of the priests, they began to realize that they were human beings, having immortal souls, intelligence, and free will, capable of contributing more to business and society than "a strong back and a weak mind," and destined for eternal happiness.

9. *Legitimately and happily advancing* . . . This does not necessarily mean that they immediately obtained a greater share of this world's goods, but that they improved their education and their manner of life or conduct and were put on the way to improve their material condition.

24. *From that time on, fuller means of livelihood have been more securely obtained; for not only did works of beneficence and charity begin to multiply at the urging of the Pontiff, but there have also been established everywhere new and continuously expanding organizations in which workers, craftsmen, farmers, and employees of every kind, with the counsel of the Church and frequently under the leadership of her priests, give and receive mutual help and support.*

**Material
Benefits**

1. Note the two general agencies by which the Pope says these material benefits were brought to the poor: 1) works of *beneficence and charity* and 2) *organizations for mutual help and support* i.e., cooperatives and credit unions.

2. The *fuller means of livelihood* are not full living, family wages, because a living, family wage is due in strict justice; whereas the Pope says these *fuller means of livelihood* came by means of *beneficence and charity*. Hence they must be means of livelihood over and above wages, or in place of wages for those who cannot work.

3. The actual works of beneficence and charity consisted in the institutions, agencies, funds set up by Catholics, especially the J.O.C.

4. Special mention should be given here to the Catholic Worker Group founded by Dorothy Day and Peter Maurin in New York since 1931, and thence spread to many other cities. They have been subjected to much criticism—as “Communists,” etc.,—and sometimes perhaps they have overstressed the social aspect of property, or the peaceful mission of the Church. But there can be no doubt of their sincerity and good will to practice genuine Christianity; and they have done a great deal of good by their free meals, their “Houses of Hospitality” (which are lodging houses for transients and down and outs), and their Farming Communes (attempts of groups of several families and individuals to make a living together on the land). The Baroness de Hueck also worked for the poor, especially the Negroes, during this time, beginning with a kind of refuge for them in Toronto in 1931, and starting another, called “Friendship House”, in Harlem, the Negro section of New York City, in 1938; and still another Friendship House on Chicago’s south side in 1942.

5. A “cooperative”—which is what the Pope means by an *organization* in which people *give and receive mutual help and support*—in general is a group of ordinary people who unite to buy, sell, or do business for themselves, hoping thus to eliminate the middleman and save themselves the expense of his service, and thus ultimately to break the hold of monopolies and save themselves from monopolistic prices; and thereby to better their condition in life. There are four main kinds: 1) Marketing cooperatives, 2) producers’ cooperatives, 3) consumers’ cooperatives, and 4) credit unions.

6. The difference between producers’ and consumers’ cooperatives does not lie so much in the fact that one group has producers for its members, and the other, consumers, but rather is based on the specific way in which each group saves money to the members. The producers’ cooperative and the marketing cooperative do so on the basis of how much the member puts into the coop: e.g., the dairy farmer saves himself the expense of the middleman distributor’s charges on the basis of how much milk he brings to his coop creamery or cheese factory. The consumers’ coop, on the other hand, saves money to the members on the basis of how much they take out of the coop; e.g., the housewife who is a member of a consumers’ coop saves herself the expense of the middleman’s charges according to the number of her purchases at the coop grocery store. Note, however, that consumers’ grocery stores, gas stations, etc., charge current retail prices for their wares; the housewife pays this when she makes her purchase; but later on, she gets a return, called a “savings return,” for each purchase, amounting to the difference between the selling price and the cost price at the cooperative.

7. Producing coops and marketing coops are to be found mainly among farmers, and are of various kinds. First, there are marketing associations, engaged in the shipment and sale of farm products, such as cotton, wool, livestock, poultry, dairy products, grain, fruit, vegetables, tobacco. In 1940, half the farmers in the United States belonged to one or more of the 8,000 cooperative marketing associations then existing.

Secondly, there are purchasing associations, engaged in buying such things as feed, seed, fertilizer, petroleum products, coal, groceries, general merchandise, building materials, farm implements and machinery. In 1940, there were about 2,600 of these purchasing associations in the United States; and through them was purchased one-sixth of all American farm supplies. Thirdly, mutual irrigation companies, existing in the far Western States, numbered in 1940 several thousand. Fourthly, various other smaller cooperatives, such as farmers' trucking associations, soil conservation associations. In 1943, three out of every five farmers in the United States were participants in some form of cooperative activity.

8. The consumers' coops in the United States, as existent in 1946, are listed by the Bureau of Labor Statistics of the United States Department of Labor as follows. First, there were 4,565 retail distributive associations with a little over one million members, selling general merchandise, petroleum products, etc., to a value of one half of a billion dollars for the year. Secondly, there were 774 service associations with about three hundred thousand members, supplying rooms and meals, (there are coop restaurants and even coop taverns), medical care, house building, even funeral services (in 1946 there were forty coop burial associations in the United States), to a value of fifteen million dollars for the year. Thirdly, there were about 33,000 rural telephone associations, serving about two-thirds of a million members with telephone service. Fourthly, there were 830 electricity associations (almost all of them sponsored by the Rural Electrification Administration or the REA), with a membership of 1,596,000, and doing a business of more than 84 million dollars. Fifthly, there were two thousand cooperative insurance companies, existing mainly in rural districts, and furnishing fire, windstorm, life and automobile insurance to about eleven million members on a cost basis. Sixthly, there were 62 wholesale distributive associations, formed by the retail coops for their convenience, serving almost 6,000 retail cooperative stores throughout the United States.

9. A credit union is a kind of cooperative bank formed by ordinary people among themselves for the twofold purpose of enabling them to save money, and of having a source of credit at moderate rates of interest in times of special need. Only about fifteen out of every hundred people in the United States can get loans from the regular banks; the rest in time of emergency must go to money lenders who charge exorbitant rates of interest. It has been estimated, for example, that every year about twenty five thousand dollars go out of the pockets of the parishioners of the average Catholic parish in payment of such exorbitant rates.

10. Credit unions in the United States may be grouped in two main ways: 1) according to their type of membership, and 2) according to their type of charter. The various types of membership are the various groups of people who join to form credit unions: members of a society or a labor union; employees of a certain firm, or employees of a certain branch of the government; or—especially interesting to Catholics—members of a certain parish. Before the year 1900, Archbishop Kenrick had a kind of cooperative banking system in the archdiocese of St. Louis; but the first credit union, strictly so called, in the United States was a parish credit union, formed in 1909 in St. Mary's Parish, Manchester, New Hampshire. In 1941 there were several hundred parish credit unions

in the United States; and in that year the Archbishops of Cleveland and Cincinnati set up official diocesan agencies to encourage the spread of parish credit unions in their dioceses. The credit union, moreover, being a kind of banking institution, must be formed under a special government charter, and there are two possible types: under a charter from the State government, or one from the Federal government. A law providing for such charters was passed in the State of Massachusetts in 1910; by 1941 all the States except five—Delaware, Nevada, New Mexico, South Dakota, and Wyoming—had similar laws. In 1934, a Federal law was enacted and the formation and encouragement of credit unions under the charters it authorized was entrusted to the Credit Union Section of the Farm Credit Administration of the United States Department of Agriculture. At the end of 1946 there were in the United States (including the District of Columbia and Hawaii), a total of 8,715 active credit unions, 4,954 of which had State charters, and 3,761, Federal. Information and personal assistance was also being furnished gratis to people desirous of forming credit unions by two agencies: the Credit Union Section of the Farm Credit Administration of the Department of Agriculture in Washington, (for Federal Credit unions); and the Credit Union National Association, Madison, Wisconsin (mainly for State credit unions).

11. Available information on the extent of the cooperative movement shows that before World War II, cooperatives were not very numerous in South American countries, but elsewhere they were more extensive than in the United States. Figures published in 1939 by the United States Department of Labor for the years 1936-37 show that there were 14,000 of them in Japan, 103,000 in India, 37,000 in China; but at the world Coop Parley in Washington, D. C., in January, 1944, it was announced that China had in 1943, 173,000 coop societies with 60 million members. In Europe there was a vast and steadily growing network or "mesh" of cooperatives up to the middle of the 1930's, especially in Scandinavian countries, Latvia, the Soviet Union, Germany, France, Switzerland and Ireland. But then the totalitarian governments of Germany, the Soviet Union, and to some extent of Italy, either took them over as state agencies or else passed regulations which had the effect of preventing their growth or their activity as instruments of democratic self-help, such as "cooperatives" are naturally designed to be. Even with these handicaps, however, the International Labor Office was able to show in its Year Book for 1939-40, that according to the latest figures available before World War II, there were in 89 countries, including those under totalitarian rule, 815,000 cooperatives of all kinds, with a membership (for 741,000 of them) of more than 143,000,000.

12. Since 1930, the "Antigonish Movement" has been perhaps the most successful and surely the best known coop enterprise on the American continent. At the beginning of the 1930's the people of Eastern Nova Scotia—mostly fishermen and farmers—were desperately poor, and at the mercy of middlemen distributors who paid them a miserable pittance for the fruits of their labors. Then under the guidance especially of two priests, Father J. H. Tompkins and M. M. Coady of St. Francis Xavier University, Antigonish, Nova Scotia, they began first to form study clubs to educate themselves in the possibilities and advantage of cooperative

effort; after that they formed coops to ship their produce direct to market, to can fish and lobsters for market, to buy supplies for themselves; they also organized credit unions and cooperative grocery stores. The study club movement continued and grew all this time; for new practical successes showed them the advantages of further education. The result was that the standard of living of the people was raised very notably. Before the coop movement began, fishermen in Nova Scotia had been receiving $2\frac{1}{2}$ cents to 4 cents a pound for lobsters selling in Boston and New York for 32 to 38 cents. After the movement was established, in 1941, the fishermen owned their own processing plants and were selling the lobsters themselves in Boston and New York for the 32 cents. Before the coops, the best paid fishing community in Eastern Canada averaged an annual family wage of \$450; many had annual incomes of from \$75 to \$175. In the early 1940's these same people not only had their own homes and gardens, but actually owned their own factories and marketing agencies, and had facilities for educating themselves and their children that would have been unthinkable 15 years before. In the early 1940's, too, there were 400 credit unions in Nova Scotia, with 65,000 members, and two million dollars in total assets,—making loans up to three or four times that amount. Thus where before the coming of the coops, the fisherman had practically no property and no credit, by means of the coops he was enabled to receive both ownership and reasonable credit. In 1940 there were also in Nova Scotia alone 60 consumer coops which did a business of three million dollars; 35 cooperative lobster producer plants, which in 1938 did a business in live and canned lobster of one million dollars—the biggest single producers of lobsters in the world.

13. The Pope, moreover, has given his express approval to the Antigonish Movement. On March 8, 1938, Pius XI had his Secretary of State, Cardinal Pacelli—later Pius XII—address a long letter to Bishop Morrison of Antigonish, in which he says that in regard to the “effort in the social sphere which, far and wide, is known by designation as the Antigonish Movement . . . the Holy Father gladly adds, to the general expression of admiration and congratulation, his own tribute of praise.” And he does this because “the teachers of your University . . . are moved by much pity for men of slender means who toil to draw their daily bread from land and sea. They strive to help them better their lot in such a way that the full teaching of the Encyclicals *RN* and *QA* may be put into practice. To this end, they united labor with the light of learning, the weight of counsel, efficiency in works and wise leadership to bring due improvement to the lowly condition of the workers, as well in the civic and economic as in the religious sphere.”

14. The objection that the coop is unfair to the honest middleman is answered as follows. As regards consumers' coops, one of their cardinal principles is that the coop store or business sells things at the current retail price; the members make their saving by getting a “savings return” on their purchases; besides, the operating costs of the coop do not differ substantially from those of the small retail dealer. Thus the consumer coop does not directly harm the retail dealer. As regards producers' coops the good they do in protecting the members against monopolistic prices more than offsets the harm they may do to one or the other distributor.

15. A "cooperative commonwealth"—that is, a system of society in which all business of any kind whatsoever is carried on by cooperatives—is sometimes put up as the ultimate ideal in the Papal program for social reconstruction. But the "cooperative commonwealth" would amount to an abolition of the capitalistic system, insofar as the capitalistic system is the system "wherein some provide capital while others provide labor for a joint economic activity", as the Pope defines it later in the Encyclical, n. 100. The Papal program for social reconstruction does not call for an abolition of the capitalistic system understood in this sense, however, but only for a reform of its abuses (see below n. 101). Hence the "cooperative commonwealth" as defined cannot be considered the ultimate ideal in the Papal program. It has also been alleged against the idea of the "cooperative commonwealth" that it would amount to a Socialist State, since in a way everybody would own everything; and that on this score the "cooperative commonwealth" would be in opposition to the Papal ideal of widespread ownership of private property. This argument, however, is not convincing; for the Pope approves the ownership by workingmen of stock in modern corporations as a means of making ownership more widespread, or at least of bringing security to the workingmen (see below n. 65); and hence he would surely approve the ownership by workingmen of stock in a cooperative, for in a cooperative each stockholder has usually only one vote, no matter how many shares of stock he owns, and hence has a real share of control over the business; whereas in the modern corporation (as will be seen below, n. 105 ff.), each stockholder has as many votes as he has shares, and sometimes has no votes at all; and hence the small stockholder has practically no control whatever over the business of the corporation.

16. The true place of the cooperatives in the Papal social program is as follows. As far as the ordinary people are concerned, the Papal program for social reconstruction may be said to consist in education, organization, and cooperation for the purpose of improving their condition in life and bringing about better social conditions. As regards education, Pius XI stresses very strongly the importance of study clubs, as means towards the realization of his program; and the cooperative movement also insists strongly on the education of prospective members of a cooperative as an indispensable prerequisite for its success. Hence they very aptly fulfill this part of the Papal program. In organization, when Leo XIII and Pius XI speak about labor unions it must be remembered that the labor union they have in mind is often one which also acts as a cooperative; see below n. 29/2, and n. 34/1. In regard to cooperation, the Popes' great effort is to substitute in the people an attitude of collaboration, cooperation, charity, for the prevailing attitude of unbridled competition and conflict; and here obviously the cooperatives can do a great work, with their insistence on the cooperative attitude and ideal. As to the Papal object of improving the condition of the ordinary people, this is precisely what the cooperatives have done where they have really got a foothold, as in the Antagonist Movement. And finally, as to the bringing about of better social conditions, or the reconstruction of the social order, while the Pope's ideal is not the cooperative commonwealth, and while practically it seems unlikely that big business will ever completely surrender to the cooperative movement, what does seem very

possible is that the cooperative, if it goes far enough, will effect some kind of modification or reform of the abuses in the capitalistic system which may well end in the actual formation of the Pope's ideal, namely, the system of the "orders" or *Industries and Professions* (See below n. 81 ff., especially n. 87).

17. The American Bishops have this to say on the cooperative idea, in the "Bishops' Program" of 1919: "More important and more effective than any government regulation of prices should be the establishment of cooperative stores. The enormous toll taken from industry by the various classes of middlemen is now fully realized. The astonishing difference between the price received by the producer and that paid by the consumer has become a scandal to our industrial system. The obvious and direct means of reducing this discrepancy and abolishing unnecessary middlemen is the operation of retail and wholesale mercantile concerns under the ownership and management of the consumer."

Further Readings on What the Church Has Done

On the *International Union of Social Studies* . . . see the Preface to the *Code of Social Principles*, published by the Catholic Social Guild, Oxford; and Cahill, *Framework* etc., p. 261.

On the *Courses in Catholic Social Science* . . . see the *Catholic Educational Review*, Vol. 30, p. 484, and the *Catholic Educational Bulletin*, passim, especially 1931, p. 383 ff: On the *Catholic Workers' College*, see M'Entee, *Social Catholic Movement*, etc., p. 232 ff., and *New Catholic Dictionary*, article "Workers' College"; also *America*, Vol. 45, p. 176.

On the *Social Weeks* . . . see *Catholic Encyclopedia*, article "Congresses, Catholic"; Moon, *Labor Problem*, etc., p. 339 ff.; and Cahill in the *Irish Ecclesiastical Record*, Vol. 37, p. 116; Crofts, *Catholic Social Action* (Bruce) p. 300 ff.; Parsons, *Mexican Martyrdom* (Macmillan); p. 209 ff. (a remarkable account of Catholic Social Action in Mexico); *Social Justice Review* (the former *Central Blatt*), July-August, 1942, p. 115,—an account of Social Weeks in Canada. On David Goldstein's work in the United States see Goldstein, *Autobiography of a Campaigner for Christ*, esp. Ch. 7-9 (published by Catholic Campaigners for Christ, Boston).

On the *Publications* . . . Ross, *Survey of Sociology* (Bruce) Appendix II; *New Catholic Dictionary*, p. 183, (for England); Moon, *Labor Problem*, etc., p. 321 ff. and Crawford, *Catholic Social Doctrine* (for France and Germany).

On the *Benefits to Non-Catholics* . . . see *America*, Vol. 45, p. 58.

On the *Treaty of Versailles*, etc. . . . see Nell-Breuning and Dempsey, *Reorganization*, etc., pp. 37-9; on the *International Labor Conference and International Labor Office* see the various publications of the International Labor Office, especially the *ILO Year Book* appearing annually since 1930; and the pamphlet *Catholics and the ILO*, by Albert LeRoy, S.J., published by the Paulist Press; also ESS, article "International Labor Organization."

On *Works of Beneficence and Charity*, see Fitzsimons and McGuire, *Restoring All Things*, (Sheed and Ward), p. 98 ff.; Plater, *The Priest and Social Work*, passim; O'Grady, *An Introduction to Social Work* (Century), chap. 14-15; *Catholic Builders of the Nation* (Continental Press, Boston), Vol. 2, p. 239; and Ryan, *Social Doctrine in Action* (Harpers), chap. VI; McGowan, *Catholic Work in U. S. for Social Justice*—a N.C.W.C. pamphlet.

On the *Catholic Worker Movement*, see Day, *From Union Square to Rome* (Preservation of the Faith, Silver Spring, Md.) and *House of Hospitality* (Sheed and Ward).

On *Father Baker and his Lady of Victory Charities*, see Galvin, *A Modern Apostle of Charity* (Buffalo Catholic Publication Co.); and *America*, Vol. 54, p. 611.

On *Cooperatives and Credit Unions*, see Schmiedeler, *Cooperation* (Catholic Literary Guild, Ozone Park, N. Y.); Ross, *Cooperative Plenty* (Herder); Smith, *Unemployment Problem*, chaps. 8 and 9 (Bruce); also the pamphlets *Consumers' Cooperation* by Schmiedeler, and *Credit Unions* by O'Hara, in the N.C.W.C. Social Action Series.

On the *Antigonish Movement*, see Coady, *Masters of Their Own Destiny* (Harper's), and various publications of the Extension Department of St. Francis Xavier University, Antigonish, Nova Scotia.

On *Coops in Ireland*, see Gallagher, *Paddy the Cope*, (Devin-Adair).

Information and assistance on cooperatives and credit unions may also be had from various U.S. government agencies: the Bureau of Labor Statistics of the Department of Labor; the Consumers' Counsel Division of the Agricultural Adjustment Administration; and The Credit Union Section of the Farm Credit Administration of the Department of Agriculture. Private agencies which likewise furnish this information and assistance are: The Cooperative League, 167 W. 12th Street, New York City, and the Credit Union National Association, Madison, Wisconsin. Catholic agencies doing the same are: the Rural Life Bureau and the Parish Credit Union Committee of the Social Action Department of the National Catholic Welfare Conference, Washington, D. C., and the Central Bureau of the Catholic Central Verein in America, 3835 Westminster Place, St. Louis, Mo.

Chapter Two.

What Civil Authority Has Done

25. With regard to civil authority, Leo XIII, boldly breaking through the confines imposed by Liberalism, fearlessly taught that government must not be thought a mere guardian of law and of good order, but rather must put forth every effort so that "through the entire scheme of laws and institutions . . . both public and individual well-being may develop spontaneously out of the very structure and administration of the State."⁽¹⁾ Just freedom of action must, of course, be left both to individual citizens and to families, yet only on condition that the common good be preserved and wrong to any individual be abolished. The function of the rulers of the State, moreover, is to watch over the community and its parts; but in protecting private individuals in their rights, chief consideration ought to be given to the weak and the poor. "For the nation, as it were, of the rich is guarded by its own defences and is in less need of governmental protection, whereas the suffering multitude, without the means to protect itself, relies especially on the protection of the State. Wherefore, since wage-workers are numbered among the great mass of the needy, the State must include them under its special care and foresight."⁽²⁾

1. The confines imposed by Liberalism were the doctrines that the State has no place in social and economic life except to protect and ensure rights,—i.e. the State was to be only a kind of glorified night-watchman and debt-collector. Leo XIII boldly broke through these confines by urging that besides doing these things, the State take affirmative action for the common good, as indicated in the citations from *RN* in the text. Note how his doctrine differs from that of the National Association of Manufacturers, as given in their manifesto "Declaration of Principles Relating to the Conduct of American Industry," p. 4: "If regulation," i.e., by the government, "goes beyond the prevention of abuses and the protection of the rights of individual citizens, and moves into the field of affirmative control and direction, it becomes a serious obstacle to the effective functioning of enterprise."

2. Rich, guarded by its own defences . . . whereas the suffering multitude relies especially on the protection of the State. The natural reason why men unite in organized civil society is that together they may be able to do the things and obtain the goods they could not do and obtain alone. Hence the needs of the suffering multitude are a natural

(1) Encyclical On the Condition of Workers, n. 48

(2) Encyclical On the Condition of Workers, n. 54

claim on organized civil society, or its authority, the State. An indication of how the *rich* are *guarded by their own defences* was given in a Senate Report published in 1939 on an investigation conducted by the LaFollette Civil Liberties Committee into the National Association of Manufacturers. One of the conclusions of this report reads as follows (p. 220): "The National Association of Manufacturers is largely financed by a small group of powerful corporations, representing, in 1937, less than 10 per cent of its membership of 3,000 companies. A much smaller clique of not more than sixty have supplied it with active leadership . . . This group of powerful interests have organized the strategy for a national program of employer opposition to labor unions and to governmental action to improve conditions of labor. Operating on a budget which in 1937 reached \$1,440,000, the National Association of Manufacturers through its talented publicity staff, its skilled attorneys, and its legislative representatives has actively sought to speak as the 'Voice of American Industry', representative of all American manufacturers." This "clique" within the NAM calls itself "The Congress of American Industry," and has published many pamphlets; especially one in 1939: "Declaration of Principles relating to the Conduct of American Industry." See below n. 81/8 and 88/5.

26. *We, of course, do not deny that even before the Encyclical of Leo, some rulers of peoples had provided for certain of the more urgent needs of the workers and curbed more flagrant acts of injustice inflicted upon them. But after the Apostolic voice had sounded from the Chair of Peter throughout the world, rulers of nations, more fully alive at last to their duty, devoted their minds and attention to the task of promoting a more comprehensive and fruitful social policy.*

**What
Rulers
Did**

1. *Some rulers of peoples had provided even before the Encyclical of Leo . . .* For instance, laws had been passed limiting the labor of children who were under thirteen years of age, to ten or twelve hours a day, and forbidding the labor of women in mines.

2. *Promoting a more comprehensive and fruitful social policy . . .* i.e., the "interests of labor" began to be of more concern to candidates for public office and also to those actually in office, as is evidenced by the fact that special Bureaus or Departments of Government were established to *promote this more comprehensive and fruitful policy*. In the United States, a Bureau of Labor had been attached to the Department of the Interior in 1885; after various ups and downs, an independent Department of Labor was established March 4, 1913. In England, a Ministry of Labor was set up during World War I, in 1917.

27. *And while the principles of Liberalism were tottering, which had long prevented effective action by those governing the State, the Encyclical On the Condition of Workers in truth impelled peoples themselves to promote a social policy on truer grounds and with greater intensity, and so strongly encouraged good Catholics to furnish valuable help to heads of States in this field that they often stood forth as illustrious champions of this new policy even in legislatures. Sacred ministers of the Church, thoroughly imbued with Leo's teaching, have, in fact, often proposed to the votes of the people's representatives the very social legislation that has been enacted in recent years and have resolutely demanded and promoted its enforcement.*

**What
the People
Did**

1. *The principles of Liberalism had long prevented effective action by those governing the State*, because according to Liberalism, there should be between employer and employees what was called "complete freedom of contract" without any pressure from the law, even though without the intervention of the law, the worker for example, might have to work sixteen hours a day or longer in an unventilated sweatshop.

2. *The principles of Liberalism were tottering in 1891 . . . this is evident first, in the increasing social legislation in 1891; secondly, in the more important fact that workingmen in some countries had obtained the right to vote only shortly before 1891.*

3. *Impelled the peoples themselves to support a social policy . . . this is evident from the various "Labor Parties" that began to rise and to have strong support from the people after RN.*

4. Some of the *Catholics* mentioned in the text were DeMun in France; DeCurtins in Switzerland; in Germany, Stegerwald, a coal miner risen from the ranks, and Bruening, chancellor before Hitler; in Italy, Crispolti and Medolago-Albani; Heymans in Belgium.

5. The following *sacred ministers*, i.e., priests, were heads of their governments in the various nations: Seipel in Austria, Nolens in Holland, Koroshetz in Yugoslavia. Moreover, Brauns was minister of Labor in Germany, and Vass in Hungary; Rutten was a Senator and head of the Superior Council of Labor in Belgium; Hitze and Kaas were heads of the Centre Party in Germany, and Schaepman, head of the Catholic party and a member of the Chamber in Holland—and these are only a few of the very many that might be cited.

6. Nor is it forbidden for priests to hold these offices if they get the proper permissions. The general law of the Church prescribes, in Canon 139 of the Code of Canon Law, that priests are not to hold public offices like governor, president, cabinet member, or judge, without getting permission from Rome, and that they are not to be senators or representatives without getting the permission of their Bishop and the Bishops of the places where the elections are held. If they get these permissions, then they are acting according to the Code of Canon Law in holding public office. There is no general law of the Church forbidding priests as private citizens to promote political measures that will benefit the people; in fact, *QA* evidently urges priests to help people in this manner.

28. *A new branch of law, wholly unknown to the earlier time, has arisen from this continuous and unwearyed labor to protect vigorously the sacred rights of the workers that flow from their dignity as men and as Christians. These laws undertake the protection of life, health, strength, family, homes, workshops, wages, and labor hazards, in fine, everything which pertains to the conditions of wage workers, with special concern for women and children. Even though these laws do not conform exactly everywhere and in all respects to Leo's recommendations, still it is undeniable that much in them savors of the Encyclical, On the Condition of Workers, to which great credit must be given for whatever improvement has been achieved in the workers' condition.*

**Resultant
New Legal
Science**

1. This new branch of law covers everything that comes under the two English terms "Labor Legislation and Labor Courts" or "Labor Legislation and Law."

2. *Life, health, strength, family, etc., . . .* The International Labor Office indicates the fields covered by this legislation in the extended accounts given in its annual year-books. The Year Book for 1939-40, for instance, records the labor legislation and law of the period under the following heads: hours of work, weekly rest, night work, annual holidays with pay, industrial medicine, medical care, hygiene, compensation for occupational diseases, medical inspection, prevention of industrial accidents, protection of women workers, protection of children and young persons, social insurance, wage policy, family allowance, employment and unemployment, housing, home work, etc., etc.—As can be seen, the legislation in these fields undertakes the protection of life, health, etc., for the workers.

3. The question may be asked, however: If *Liberalism* was tottering in 1891, how is it that Pius XI says later in *QA* (n. 109) that the "individualistic spirit"—i.e., Liberalism—was still the cause of the social and economic troubles existing in 1931?—The answer is that Pius XI only says *Liberalism* was tottering in 1891; and this is a fact clearly proved by the legislative and other social activities of peoples as indicated; but Pius XI never says that Liberalism completely disappeared before 1931.

4. As to the influence *RN* had on social activity in the United States, the "Bishops' Program of Social Reconstruction," originally issued in 1919, was "based upon the principles of charity and justice that have always been held and taught by the Catholic Church,"—especially as expounded in *RN*. In 1939 a second edition of the "Bishops' Program" was published. Cardinal Mooney of Detroit wrote an introduction for this new edition, in which he stated that there were eleven principal recommendations or proposals for legislation and national economic and social policy contained in the "Bishops' Program." Of these eleven proposals, he added, all but one had been "either wholly or in part translated into fact" during the intervening twenty years; the one exception deals with participation of labor in management, wider distribution of ownership through cooperative enterprises, and worker ownership in the stock of corporations.

5. In the United States, too, the "New Deal" undertook a *comprehensive and fruitful social policy* under President Franklin D. Roosevelt, who assumed office in 1933. It comprised a system of laws and institutions almost *wholly unknown to the earlier time*. A good many millions of the great mass of the needy have benefited or will benefit directly by laws and institutions like the Civilian Conservation Corps, Public Works Administration, Works Progress Administration, Social Security Act in its Unemployment Compensation, Old-age Benefits, etc. Thousands of families and homes have been benefited or saved by the Federal Housing Administration, Home Owners Loan Corporation. Millions of workers have benefited by the Wagner Act or the National Labor Relations Law and by the Wages and Hours Law. And while it did not do away with unemployment and misery altogether, still the New Deal must be credited with having relieved an immense amount of it; and the words of the Encyclical clearly apply to the New Deal when the Pope says that if its laws and programs *do not conform exactly everywhere and in all respects to Leo's recommendations, still it is undeniable that much in them savors of the Encyclical, On the Condition of Workers.*

Further Readings on What Was Done by Civil Authority

On *what the rulers did*, see the books already cited: Harris, *American Labor* (Yale University Press), Commons and Associates, *History of Labor in the United States*, Vol. II, p. 471, ff; Douglas, Hitchcock, and Atkins, *The Worker in Modern Economic Society*; (University of Chicago Press) chap. xxvi-xxix. CE, Labor Legislation: ESS, Labor Legislation and Law; Morrissey, *What Laws Must We Have?*—and *Women in Industry* (N.C.W.C. Social Action Pamphlets, Washington); the 1936 and the 1941 *Handbooks of Labor Statistics* of the U. S. Department of Labor, and the excellent annual *Yearbooks* of the International Labor Office, available from its office in Washington, D.C. Also *Catholic Encyclopedia* (referred to in the commentary as CE), Labor and Labor Legislation.

On *what the people did*, see the books by Somerville, Moon, M'Entee, Cahill, Smith, Crawford, Brauer already cited. Also ESS, Social Christian Movements.

Chapter Three

What the Parties Directly Concerned Have Done

Introduction

29. Finally, the wise Pontiff showed that "employers and workers themselves can accomplish much in this matter, manifestly through those institutions by the help of which the poor are opportunely assisted and the two classes of society are brought closer to each other."⁽¹⁾ First place among these institutions, he declares, must be assigned to associations that embrace either workers alone or workers and employers together. He goes into considerable detail in explaining and commending these associations and expounds with a truly wonderful wisdom their nature, purpose, timeliness, rights, duties, and regulations.

**Leo's
Doctrine**

1. Leo XIII enumerates some of these institutions in RN, n. 36(68): "associations for giving mutual aid" (i.e., cooperatives); "various agencies established by the foresight of private persons to care for the workers, likewise for his dependent wife and children in the event that an accident, sickness, or death befalls him" (i.e., family allowances, etc., as inaugurated by the French industrialist Leon Harmel in 1875; see below n. 71/23); "and foundations to care for boys and girls" (i.e., Don Bosco's boys' and girls' homes), "for adolescents" (i.e., the Kolpinghaus idea—homes for travelling young workingmen, founded by Father Kolping in Germany about 1845, and numbering about 370 throughout the world in 1932); "and for the aged" (i.e., the homes of the Little Sisters of the Poor).

2. *Associations of workers alone...* Leo XIII was speaking here mainly of Catholic workingmen's unions for Catholics, as they existed in 1891. At that time, too, the workingmen's unions sometimes functioned as cooperatives for the members. Thus the Catholic labor union Leo XIII had in mind in 1891 performed three functions: 1) it was a society for the religious interests of the members; 2) it was a union to protect their rights in the labor market; 3) it was a cooperative to serve their economic interests. As will be seen later, however, (below n. 34-5), Pius XI in 1931, while speaking of this kind of union for Catholic workers, still recognizes also that sometimes in his day there must be three distinct "associations," one for each of these functions.

3. *Associations that embrace.... workers and employers together....* Leo XIII here evidently had special reference to the German "Catholic Mercantile Guilds," a group of unions founded in 1877 for both the employers and workers together in certain categories. He may have been referring also to the system of the "orders," to be described later in QA

(1) Encyclical, *On the Condition of Workers*, n. 68.

n. 81 ff. Note, however, that what Leo XIII said in 1891 is in no sense an endorsement of the American "company union"; for the American company union is almost without exception a domination of the worker by the employer, against the principles of freedom for unions laid down by Leo XIII and Pius XI (see below n. 30/18).

4. Labor unions can serve as means by which the *two classes of society are brought closer to each other*, because they put the workers on a better footing of strength and respect with their employers, and so make it possible for them both to reach fair and honest agreements about their mutual rights and obligations; and cooperatives can also serve as such means because, as Leo XIII says, RN n. 35(66), they remove "the difference between extreme wealth and extreme penury" through the benefits they bring the workers.

30. *These teachings were issued indeed most opportunely. For at that time in many nations those at the helm of State, plainly imbued with Liberalism, were showing little favor to workers' associations of this type; nay, rather they openly opposed them, and while going out of their way to recognize similar organizations of other classes and show favor to them, they were with criminal injustice denying the natural right to form associations to those who needed it most to defend themselves from ill treatment at the hands of the powerful. There were even some Catholics who looked askance at the efforts of workers to form associations of this type as if they smacked of a socialistic or revolutionary spirit.*

**Needed
at the
Time**

1. *Showing little favor to workers' associations . . .* This lack of favor to labor unions was evident also in the United States in 1891, and for many years after, in three special ways that involved public policy, namely 1) in the legalization of the "yellow-dog contract"; 2) in the way court injunctions were used in labor disputes; and 3) in the lack of legislation, except here and there, protecting the right of labor to organize; and in 1947, the positive enactment of the anti-union Taft-Hartley Law. The commentary will now treat 1) the yellow dog contract, n. 2-3; 2) court injunctions, striking and picketing n. 4-5; and 3) collective bargaining and the National Labor Relations Act n. 7-13. After that the commentary will treat *the natural right to form associations*; see below n. 30/14.

2. The "yellow dog" or "ironclad" contract was the contract by which an employer agreed to hire a workingman only on condition that the workingman sign away his membership in any outside union he belonged to, and agree to join no outside union while working for that employer. Though such a contract is a clear violation of the freedom of the worker, it had been held to be a valid agreement by the U.S. Supreme Court in three cases, especially the Hitchman Coal and Coke Case on December 10, 1917. But in 1932, the Norris-LaGuardia Bill rightfully outlawed the "yellow dog" contract in Federal jurisdictions, that is, in interstate commerce, and also restricted the use of the injunction in labor disputes.

3. The outside union mentioned here is a union not confined to any one company, but open to all the employees of a certain trade or industry who work for various companies. It is the opposite of a "company union," which is open to employees on the company's payroll only. (See below n. 30/15-16.)

4. An injunction in general is a court order issued by a judge on the petition of one of the parties in a dispute, commanding that things be left as they are until the court can take up and decide the case; violation of an injunction is subject to heavy penalty. Injunctions in labor disputes were secured by employers forbidding unions to issue strike orders, restraining picketing, forbidding meetings of workers, forbidding publication of information about strikes, upholding the yellow-dog contract, restraining union officials from organizing unions. One great injustice of the injunction consisted in this, however, that after securing the injunction, employers often saw to it that the case never came to court;—i.e., that justice was never done the workingmen; and meanwhile (another injustice) the workers were restrained from engaging in perfectly rightful and lawful activities. Hence the restriction of the use of the labor injunction by the Norris-La Guardia Act of 1932 is entirely in keeping with justice and Catholic teaching.

5. This is the place to state the Church's teaching on striking and picketing. For though the subject is not treated in *QA*, it is dealt with in *RN*. No Pope, however, has ever condemned a just strike conducted without violence, or demanded the enactment of legislation absolutely forbidding the workers to strike. Leo XIII, however—*RN* n. 31(56)—deplors the evil consequences of strikes, and prescribes that their causes,—which he lists as "labor which is too long and too hard, and the belief that pay is inadequate"—be removed beforehand by the "law"—i.e., by laws on working conditions, and by wages and hours legislation. In the 1930's, another cause of strikes came to the fore: refusal of employers to bargain collectively with a union, or even to recognize the union as a bargaining agency,—often, too, discrimination against workers because of union membership. Fifty per cent of the strikes in 1941 had this for their cause; hence any "law" which is calculated to remove this cause,—such as the National Labor Relations Act—is in keeping with Leo's requirements. As to picketing—that is, parading or standing before a shop or factory during a strike,—Leo XIII only requires that it be done without violence; see *RN* n. 16(30).

6. Collective bargaining is the negotiation between the freely chosen representatives of the workers and the freely chosen representatives of the employer for the purpose of arriving at an agreement covering wages, hours, and working conditions that will prevail in the employer's establishment. Ordinarily, the agreement is reduced to writing and signed by both parties: such an agreement is called a "collective contract."

7. A collective contract is both to employees and employers what the Constitution is to the government and people of the United States: a written guarantee and pledge of recognition and respect for the rights and obligations of those concerned. Just as the Constitution gives security to American citizens, so a collective contract establishes a definite basis for mutual security and understanding between employers and workers. For, the absence of a written contract always leaves an opening for disagree-

ment, misunderstanding, and even injustice on one side or the other, but especially against the workers.

8. According to the Bureau of Labor Statistics of the U.S. Department of Labor (Monthly Labor Review, April 1945, p. 816 ff.) in January 1945 there were 14 $\frac{1}{2}$ million workers employed under collective bargaining agreements in the United States. This was about 47 per cent of all workers in those industries and occupations in which unions were actively seeking agreements. In the manufacturing industries about 65 per cent of the workers were under labor agreements, and in the non-manufacturing, about 33 per cent.—Some manufacturing industries, for instance, were almost or entirely 100 per cent covered by union contracts, such as: aluminum, automobile, basic steel, brewery, fur, glass, meat packing, men's and women's clothing, rubber, and shipbuilding. Likewise some non-manufacturing industries were close to 100 per cent union; actors and musicians, airplane pilots and mechanics, city bus and street cars, coal mining, construction, longshoremen, maritime, metal mining, motion pictures production, railroading, telegraph service and maintenance, local and intercity trucking.—On the other hand, however, the dairy products industry among others was only a little more than ten per cent union, and agricultural labor less than 1 per cent.—For the proportion of closed and union shop agreements in force under these labor contracts, see below n. 30/28.

9. The workingman's right to organize without employer interference was not protected by government in the United States until the Railway Labor Act in 1926 gave such protection to railway employees. Then in 1933, the National Industrial Recovery Act (NIRA) contained a "section 7A" which became famous for the opposition it aroused from employers, and which in substance protected workers against interference or discrimination from employers in union matters; but the NIRA was declared unconstitutional by the Supreme Court in May, 1935. On July 5, 1935, however, President Roosevelt signed the National Labor Relations Act, which provided two main things. First, it protected the workers' right to organize and bargain collectively, free from employer interference and discrimination, and to this end listed five general "unfair labor practices" of employers against the workers. Secondly, it set up the National Labor Relations Board as a permanent agency 1) to examine into and give official decision on alleged violations of the Act, or "unfair labor practices"; to order compliance with the Act, and, if necessary, to petition the Federal Courts of Appeals to enforce its orders; and 2) in cases of disputes over rival union claims as to which union represents a majority of the employees of a plant, to examine into and settle the claims (by holding an election, if necessary); and if the claims were found to be well-grounded, to "certify" the union for recognition by the employer; or if the claims were unjustified, to dismiss the case. Note that the NLRB had jurisdiction only over matters affecting the workers' right to organize without interference from employers, and over no other employer-employee relation; note also that the Board could act only on appeal from workers or employers, and not on its own initiative. Some of the criticism directed against it, especially in its early days, was based on the mistaken assumption that it could, on its own motion, intervene in any labor trouble for purposes of conciliation. This work of conciliation is handled by a different government agency, the Federal Mediation and Conciliation Service.

10. The actual record of the National Labor Relations Board in *protecting the workers' natural right to organize* can best be studied between October, 1935, when it took its first case, and July 1, 1941. During the following year the War Labor Board, established in January, 1942, took over much of its work; and after the war, the Taft-Hartley law radically changed its structure and functions. In cases of employer interference and discrimination (see below n. 30/16) it secured the reinstatement of about one hundred thousand workers who had been unfairly discharged for union activity, with back pay for ten thousand such workers amounting to two million dollars. It secured the disestablishment of about one thousand employer-dominated company unions (see below n. 30/18). And it brought about the beginning of collective bargaining in several thousand cases. In the matter of disputed union majorities, it handled and closed more than twelve thousand cases, involving more than ten million workers. Besides, the Board averted about one thousand threatened strikes. Note that the Board in securing these results had to go the full length of hearings, decisions, and recourse to the Federal Courts in only about six per cent of the cases; more than fifty per cent were settled informally, with the help of the Board, by agreement of the parties; about twenty-five per cent were withdrawn by those who had begun them; and about fifteen per cent were dismissed by the Board.

11. The *similar organization of other classes*, which governments went *out of their way to recognize* were the trade associations of employers, also combines of business corporations. According to the U. S. Department of Commerce, there were in 1875 some 50 national trade associations; 100 in 1900; more than 1000 in 1920; and 1500 in 1935; the two most prominent in that year and thereafter being the National Association of Manufacturers, and the Chamber of Commerce of the United States. By 1935 there were also about 6,000 State and local groups of a similar nature, not counting chambers of commerce. On the combinations of corporations and their relation to the government, see below n. 105 ff., and n. 132, under the heading "limited liability." Note, however, that the Pope does not condemn trade associations in themselves; in fact, he wants still more of them, (below n. 38), and sees in them, along with labor unions, a means towards true social reconstruction (below n. 81, 87).

12. The rulers . . . *were with criminal injustice denying the natural right to form associations* . . . In the light of this strong statement, there can be no hedging by the commentator as to the stand of the Church on agencies like the National Labor Relations Board, which are aimed precisely at protecting this *natural right of the workingman*. As to the possible objection that a law creating such an agency is one-sided, the stand of the Church is no less strong. Leo XIII says, *RN* n. 29(54), that the class of "the rich is guarded by its own defences" (the old translation had: "the rich have many ways of protecting themselves") "and is in less need of governmental protection; whereas the suffering multitude relies especially on the protection of the State." And Pius XI has just said, above n. 25: "In protecting private individuals in their rights, chief consideration ought to be given to the weak and the poor." In such an agency, too, as in every branch of human government, there probably will be individual cases of abuse of authority, and the fact that the sufferers in this case will be the wealthy, who "have many ways of protecting them-

selves," and can blazon their grievances forth to all the world, must be taken into account in judging the seriousness of these faults.

13. After applying the teaching of the Church to the NLRA, it is in place to consider the relation of the American Constitution and the American form of government with respect to the NLRA and the NLRB. The Board aroused intense opposition from those who have "many ways of protecting themselves" as soon as it began to function, and case after case was appealed all the way to the Supreme Court. The first Supreme Court decision was rendered April 12, 1937, when the powers of the Board were clearly held to be constitutional. By June 30, 1945, the Supreme Court had passed on the constitutionality of fifty-two such cases; it upheld the Board's position without modification in forty of these cases; upheld it with modification in eight; remanded one to the Board; refused a request to remand in one; and reversed the Board completely in only two. No other government agency in American history has had its constitutionality so thoroughly tried, or so completely vindicated. As to its place in the American form of government, it is a quasi-judicial and quasi-administrative body; that is, it has some of the functions of an agency of the administrative branch of the government and some of the functions of the judiciary branch, though it does not have to observe all the technical procedures of a regular court of law. It was severely criticized for this alleged unfairness also; but the fact is that such a structure is well-established in the American form of government, going as far back as 1887, when the Interstate Commerce Commission was set up on this plan. The Securities and Exchange Commission and other similar commissions have made it a part of the accepted American form of government; and a change would amount to a substantial change in the American form of government administration.

14. After condemning those governments which fail to legislate for the protection of man's right to join a union, the Pope goes on to call it plainly a *natural right*. The commentary will now cite various Papal declarations to the same effect (n. 15); then describe some violations of this right in the United States; first those practiced by employers with the help of spies, strikebreakers, and munitions (n. 16-17), and with the help of the company union device (n. 18-19); then those practiced by union racketeers (n. 20-21). Then the question of whether a worker is obliged to join a union will be treated (n. 22-27); and the question of the open or closed shop (n. 28-29); and the Taft-Hartley Law (n. 30-32). Finally, a word will be said on the Pope's closing remarks in this paragraph 33.

15. *Natural right to form associations* . . . the Popes insist time and again on this *natural right*. Leo XIII, in *RN* n. 37-8(70-2), declares it is the same natural right by which men unite in civil society: "Man is permitted by a right of nature to form private societies; the State, on the other hand, has been instituted to protect and not to destroy natural right, and, if it should forbid its citizens to enter into associations, it would clearly do something contradictory to itself because both the State itself and private associations are begotten of one and the same principle; namely, that men are by nature inclined to associate." Pius XI says further on in *QA* (n. 37): "We consider it enough to emphasize this one point: People are quite free not only to found such associations. . . , but also in respect to them 'freely to adopt the organization and the rules which they

judge most appropriate to achieve their purpose.' Pius XII, successor of Pius XI, in his Encyclical *Sertum Laetitiae*, addressed to the Bishops of the United States not long after his election to the Papacy in 1939, asserts this right with particular clarity and emphasis: "Because sociability is one of man's natural requirements, and since it is legitimate to promote by common effort decent livelihood, it is not possible without injustice to deny or to limit either to the producers or to the laboring man and farming classes the free faculty of uniting in associations by means of which they may defend their proper rights and secure the betterment of the goods of soul and body, as well as the honest comforts of life."

16. The United States Senate voted June 6, 1936, "to investigate violations of the right of free speech and assembly, and interference with the right of labor to organize and bargain collectively." The Committee appointed to conduct this investigation, headed by Senators La Follette and Thomas, was known as the "La Follette Civil Liberties Committee." Its findings were published in various reports, such as the following: 1) On industrial espionage, revealing that during the years 1933-37 some twenty-five hundred American firms hired detectives to act as spies among their own workers. Few labor unions, however small, seem to have been free from these hired spies. 2) On strikebreakers: professional strikebreakers, often with criminal records, were hired by a great many employers in labor disputes; these "finks" made it their set purpose and endeavor to provoke violence on the part of the workers,—which would, of course, discredit the strike and the workers,—and also to slug, disable, and even kill the strikers. 3) On munitions—"arsenals on a vast scale," the Report says, were maintained, and at times used, by American firms against their own employees—rifles, pistols, shotguns; machine guns and submachine guns; poison gases in various forms. No sales of these objects were found by the committee to have been made to labor unions; but during the years covered in the Report, one-half of them in the country were made to public authorities, the other half to industrial employers. Of course, the use of these munitions caused the death of many strikers, especially at the "Memorial Day Incident" in Chicago, 1937, when they were clubbed, gassed, and shot in the back; on that occasion ten strikers were killed and many permanently disabled. The amount of money spent for spies, strikebreakers, munitions, etc., by certain selected industrial firms in the years 1933-37, according to the Senate Committee, was nine and a half million dollars. Later interesting and revealing reports of this Senate Committee deal with the anti-labor activities of the National Association of Manufacturers (1939;—see above n. 25/2); also on Employers' Associations and Collective Bargaining in California (published 1942-4), and others.

17. In the light of these facts, it is evident that the Pope is very realistic when he says the main reason why the workers need unions is to *defend themselves from ill-treatment at the hands of the powerful*. But as was said above concerning the cooperatives (n. 24/16), in the Papal plan the unions are not to be merely instruments of warfare, even defensive warfare, but means of collaboration between labor and capital; as such they have the task of "preparing the way" for the coming of complete social reconstruction in the system of the "orders." But as long as some powerful employers maintain an attitude of active hostility to unionization,

as they did in 1931 and especially in the years 1933-38 in the United States, the main task of the unions must be, as the Pope says, to *defend themselves from ill-treatment at the hands of the powerful*. During the years 1937-45 in the United States, it is true, there was a gradual change on the part of many employers towards an acceptance of unions and collective bargaining; i.e., of active collaboration with labor. This was evident in three ways. 1) Four-fifths of the cases before the NLRB in its first year, 1935-36, were unfair labor practice cases, and only one-fifth involved union representation; but this difference closed in steadily, and by July, 1945, only one fourth were unfair labor practice cases, and three-fourths involved union representation; showing a growing willingness on the part of employers to cease fighting the unions, and settle on definite representation. 2) During World War II there were almost 5,000 Labor Management Committees operating in the United States. See below n. 65/3. 3) Towards the end of World War II it was estimated there were about 50,000 union contracts in force in the United States.

18. In order to understand the position of the Church on company unions, it must be noted that unions for the employees of a single company are of two kinds in the United States. One is the company union or the company dominated union. It is practically forced on the workers by the employers. It is a company creature, initiated and supported by the company. Because the term "company union" has become odious in the United States, employers in creating them have sometimes given them the name "independent union,"—i.e. independent of affiliation with the AFL or CIO. The other kind of union for the employees of a single company is the unaffiliated, or bona fide independent union; it is the free choice of the employees of the company, who form and run it without interference from the employers. A company dominated union involves undue interference with the liberty of the workers; for since the employer signifies his wishes as to the kind of union he desires, the workers, through fear of incurring his displeasure and of possibly losing their jobs, will be prevented from exercising their natural right of self-organization; and for this reason the company dominated union stands condemned by the Church. The bona fide unaffiliated or independent union, on the other hand, since by definition it is the free choice of the men, and since it leaves them free in union affairs, is not condemned by the Church. It may be noted that the record shows the overwhelming majority of company unions in the United States to be company dominated. During the fiscal year ending June 30, 1941, for instance—a year when company unions were beginning to be much less common than they had been—the National Labor Relations Board after due investigation ordered the disestablishment of 502 company unions as being evidently company dominated; and in the case of 109 others which seemed free from such domination, held elections in which the workers could determine by secret ballot whether they really wanted the company union or not; but even here, the workers voted against the company union in almost half the cases,—52 out of 109. Hence the company union was shown by the record to be free choice of the workers in less than one out of ten cases,—52 out of 109 plus 502.

19. The history of company unions in the United States reveals the same general fact of company domination. About 1890, the Pullman Car Company organized a kind of company union (though not called by that

name) among its employees at Pullman, Illinois, near Chicago. And in 1898 the Wm. Filene's Sons Company of Boston formed a kind of company union for its employees; and there were a few more before 1915; in that year one that became well known was introduced by John D. Rockefeller Jr. among his coal miners in Colorado after a disastrous strike in 1913-14. The men had gone on strike against inhuman working and living conditions, but the strike was put down with great violence and bloodshed. John D. Rockefeller then proposed a union of employers and workers in the mines to discuss and settle difficulties without such recourse to violence. The company union idea spread during the World War, 1917-18, due especially to the fact that the government was favoring genuine collective bargaining, and companies feared the AFL unions would gain a foothold in their plants. Between 1919 and 1926, the membership of company unions increased from 400,000 to 1,300,000; between 1926 and 1933, this number decreased. Under the National Recovery Administration (NRA), 1933-5, it increased again, because employers were using company unions to offset the increasing growth of bona fide unions; at the beginning of 1937, the total membership of company unions was about 4,000,000. Since the Wagner Act was declared constitutional in 1937, the operation of the National Labor Relations Board has served to bring about the dissolution of hundreds of company unions which had been set up to prevent the workers from joining bona fide unions.

20. Union racketeers are also frequently guilty of violating the natural right of the workers to form and run unions of their own choosing. A "union racketeer" is a union official who by force or fraud runs and controls a union not for the good of the members, but rather to their loss while he enriches himself and tyrannizes over them. Such racketeers sometimes also force unjust contracts and agreements on businessmen who have to deal with the union, thus making themselves guilty of extortion as regards the businessmen and the people who have to pay for their services. In both cases, that of his relation to the union members as well as in his relation to businessmen, the union racketeer stands condemned by the general teaching of the Church against violence and theft.

21. Various instances of alleged union racketeering in the United States were brought to light in pre-war years in prosecutions undertaken by the U. S. Department of Justice and by the local authorities in various cities. In the years 1938-40, the Department of Justice secured indictments against 82 unions and 266 unionists—mostly AFL unions in the building trade industry—for union racketeering insofar as it was a violation of interstate business under the anti-trust laws; though it must be admitted that in the majority of these cases the indictments were directed not merely against unionists, but against unionists together with their employers. For instance, contractors and unions in the building trade industry—concrete, masonry, wood, tile, plastering, painting, plumbing and heating, electrical fixtures, glass—have been indicted for conspiring to prevent the use of cheaper materials, improved equipment, etc., thereby keeping the cost of building unreasonably high. Likewise, thirteen corporations and one labor union were indicted on charges of enforcing illegally high prices for milk delivered in Chicago. In New York, several indictments were secured against the teamsters' union for compelling all trucks entering the city to take onto the truck, besides the driver, a member of

the union, or else pay a fee as high as \$9.42 for each trip. Besides these cases, sometimes local gangsters have "muscle in" on unions, or even formed associations of workers where no union had existed before—as in the restaurant industry in New York—then levying extortion on the "members" of the union in the form of "dues," and on the restaurant owners in the form of "protection"—protection, that is, against the gangsters' own threat of sabotage. Needless to say such practices fall under the condemnation of the Church.

22. As regards the question of whether the ordinary workingman has an obligation in conscience to join a bona fide union, a number of leading Churchmen in the United States hold that such an obligation exists. Archbishop, later Cardinal, Mooney of Detroit, declared in an address (published in the *Catholic Mind*, March 8, 1939, p. 569): "Labor organization is something . . . which the Catholic Church earnestly commends to worker and management alike as a remedy for the evils of industrial life which press upon us, and as a preventive for greater evils which threaten. This view imposes upon the Catholic worker the duty" (note: the *duty*) "of active interest in his labor organization." Indeed, Cardinal Mooney considered his priests also to be bound in their own way by the same obligation. "If our priests," he went on, "encourage the members of their parishes to stand off from active and constructive participation in the affairs of their unions, they are derelict in a duty which the highest authority of the Church misses no occasion to emphasize." Archbishop Lucey of San Antonio also declared: "It is the duty of working people to join a bona fide union for mutual protection and progress. They must organize for their own sakes, and for the welfare of their families, their community, and their nation." Bishop Haas of Grand Rapids in his pamphlet, *The Why and Whither of Labor Unions*, p. 13, ff., declares: "either justice or charity or both require" the workingmen to join bona fide unions. "Justice" requires it because the union usually brings its benefits such as higher wages and better hours to all the workers in a plant, whether members of the union or not; but it is only plain justice for the non-members who have got the benefits of the union contract to assume the burdens of union membership by joining the union. "Charity" requires it especially in the case where the workers are already getting fairly good wages themselves; for even in boom times there are millions of American workers getting far below sufficient wages; and charity requires that other and more fortunate workers unite with these unfortunate ones to help them better their lot. And, early in 1946 in New Orleans, a campaign was carried on by the Archdiocesan Committee for Social Action to the effect that if the workers at the Higgins plant voted for "no union" at the National Labor Relations Board balloting to be held shortly, they would be violating social justice.

23. The Popes do not declare expressly that the workers have a duty to join a bona fide union. Their program on various features of the social question, however, would seem to require or impose the duty of union membership. In this n. 30, for instance, Pius XI bases *the natural right* of joining unions on the fact that the workers *needed it most to defend themselves from ill treatment at the hands of the powerful*. But this very need would seem to be the basis not only of a right but also of an obligation, especially when the injustice practiced upon them

would make it hard for the working people to keep the law of God and the duties of their state of life. In *RN*, too, Leo XIII made the founding of unions one of the necessary means to be adopted for the relief of the misery of the poor. And while it is true that Leo XIII was speaking in *RN* of Catholic unions for Catholic workers, still his principles have been applied by later Popes to "mixed" and to "secular" unions; see below n. 35. Finally, in the Letter of the Congregation of the Council to the Bishop of Lille in France (see below n. 38/3-4), the Holy See lays down the principle: "The Church, under existing circumstances, considers the formation of these industrial associations morally necessary." It is true that the Letter to the Bishop of Lille was dealing mainly with Catholic unions for Catholic workingmen; but its principles apply to other unions also, for the Letter goes on (n. VI): "It is the desire of the Church that industrial associations, organized by Catholics for Catholics, should be composed of Catholics, although it recognizes that particular circumstances may compel the adoption of a different course." But if the Church considers the formation of unions including in "particular circumstances" other than Catholic unions, as morally necessary, then there is at least some kind of obligation on the workingmen to join them.

24. It is true that Pius XI declares in *QA* n. 87: "People are quite free . . . to found such associations"—i.e., labor unions. Even granting, however, that these words are to be interpreted as absolving the workers in general from any obligation to join a union (an interpretation which hardly seems to square with the Papal position on labor union matters as expressed elsewhere in Papal documents) the words of Rev. Wm. Smith, S. J., would apply: "In circumstances where the very existence of the union is at stake, and the record of management has been proven to be anti-union, we hold that the minority should yield their right-not-to-join-a-union for the preservation of the common good of all the members."

25. Sometimes it is alleged that justice and human dignity demand that the worker be left free to bargain as man to man with his employer over wages and conditions of labor, and not be obliged or forced to join a labor union as a means of getting or keeping his job. Such an objection, however, leaves out of sight the massive central fact of the labor problem, namely, that the workers by themselves are anything else but free. Rather, they are beggars who must take what the company offers or starve. Bargaining as man to man is completely out of the question when one of the bargainers has everything and the other has nothing. It is only when united with his fellow workers in a union that the workingman becomes really free to bargain "as man to man" with his employer. It is precisely his helplessness when alone that makes him *need* the union, and gives him his obligation to join the union, in order to *defend himself from ill treatment at the hands of the powerful*.

26. In some particular cases, however, this obligation will not bind an individual workingman. Such would be the case of a union completely under the control of Communists or racketeers, and which the worker was not required to join in order to keep his job. The mere fact, however, that the Communists or some racketeers are trying to get hold of a union is no release for an ordinary worker from his duty of joining a union. Rather, just the opposite. He is then bound to work all the

harder in order to exclude the Communists or racketeers. And the presence of some racketeers or Communists dominating certain unions in the United States certainly cannot serve as an excuse for the workers' not joining any unions. — Whether the workers are bound to join an outside union when wages and working conditions are perfectly satisfactory without the union is a question that presents some difficulties, but that is to be answered in the negative. The workers are not bound in conscience to join the outside union, if they are receiving not simply "fairly good wages" but a full living, family wage (say about \$3500 per year in 1941; see below n. 71/11 ff.); if working conditions are ideal; and if their firm is comparatively small, so that their failure to join the outside union will not have an ill effect on the other workers in the industry. In such a case, the workers surely do not *need* the outside union as something to *defend them from ill treatment at the hands of the powerful*. And there are so few firms in which this ideal situation reigns that if the employees of these firms remain out of the unions, their absence will have no appreciable ill effect on the fortunes of the outside unions; and hence they will not be violating charity by remaining out. Indeed, it is possible that by remaining out of the union they could do more good than by going in. This would be the case if their present wages are well above the union scale; for then by staying out of the union they keep their own wages up and afford a stimulant to the efforts of the unionists for a higher wage scale.

27. If and when the obligation to join the union exists, however, note what it means for the conscience of the workingmen and their spiritual advisers. A real obligation in conscience means that the payment of union dues, attendance at union meetings, interest in union affairs, are not merely matters of free choice, but in important issues are matters of conscience.

28. The closed shop is one in which union membership is required as a condition of employment. The open shop, theoretically, is one in which no discrimination is made by the employer between union men and non-union men; but in practice the open shop in the United States has usually been an anti-union shop. The National Association of Manufacturers in 1903 first made the term "open shop" well-known; up to that time the closed shop had been more or less the accepted thing wherever there was a union contract. Since 1903 the NAM has been a constant foe of the closed shop and of all unions and of all unionization. There are also two kinds of closed shop. One is the "closed shop" strictly so-called, in which the employer may hire none but men who belong to the union. The other is the "union shop", in which the employer may hire either union or non-union workers, but if the worker is not a union member he must join the union in order to keep the job. Besides, in 1942 the National War Labor Board devised a compromise between the closed or union shop on the one hand, and the open shop on the other. In the current labor disputes, the closed shop was a very active issue, with the unions insisting stubbornly on the closed or union shop, and employers insisting with equal stubbornness on the open shop. The compromise devised by the War Labor Board consisted in the "maintenance of membership clause" in union contracts. This clause requires union members

to maintain union membership in good standing during the period covered by the contract. In January, 1945, of the 14 $\frac{1}{3}$ million workers employed under collective bargaining agreements in the United States, about 28 per cent (4 million) were employed under closed shop provisions; about 18 per cent (2 $\frac{1}{2}$ million) under union shop agreements; and about 27 per cent (3 $\frac{3}{4}$ million) under maintenance of membership clauses. About 25 per cent were under agreements which provided for recognition of the union only, without closed shop, union shop, or maintenance of membership.

29. The closed shop question is a complex problem, and has been bitterly fought for many years. Limiting ourselves to a consideration of its moral aspects and its relation to Catholic teaching, the following may serve as a summary. The enemies of the closed shop, especially the National Association of Manufacturers, hold that the closed shop is wrong or unjust, because: 1) it puts an unjust limitation on the employer's right to hire the best men he can get, and to manage his business as he sees fit; 2) it is an unjust interference with the workers' right to work, since it forces them to join the union before they can go to work; 3) it involves almost of necessity the danger of injustice or graft on the part of union leaders by reason of the absolute power over jobs and work it puts in their hands. The unionists hold that any union is insecure, and hence each individual member of the union is insecure, until a closed or union shop contract is secured. Hence, they argue, the only completely effective means the workers have, *to defend themselves from ill treatment at the hands of the powerful* is the closed or union shop. — As to the stand of the Church, Fr. Toner in his book *The Closed Shop* declares that the Popes have not dealt expressly with the question of the closed shop; the American Bishops, in their various pronouncements on the social question, have likewise failed to give it mention; and Fr. Toner takes the Bishops' silence as at least some kind of approval of the closed shop, since if it were so great an evil as its opponents make it out to be, the Bishops would hardly have passed it over in silence when they were condemning so many other evils (as they have done) in American social life. Fr. William J. Smith, S. J., summed up the Catholic stand in a letter in *America* (Dec. 13, 1941, p. 277) by saying: "The closed shop, voluntarily accepted, without threat of intimidation, is very much in keeping with the Papal Encyclicals." And in the Middle Ages the Church fostered the guilds, which were a form of "closed shop"; a man could not work at a business or trade unless he belonged to the guild. As to the employers' claim to the right to manage their business alone, it must be remembered that *QA* n. 65 recommends precisely that workers *become sharers in ownership or management*. And the charge that the closed shop puts too much power in the hands of union leaders because it gives them a monopoly over jobs and work, could also be applied to modern industrial employers. In fact, Leo XIII actually did apply it to them in *RN* n. 2 (6), where he declared that the monopoly over production possessed by a few employers had enabled them to lay on the workers *a yoke almost of slavery*; and that this was one of the great industrial evils that demanded immediate reform. Hence if the closed shop tends to take some of this monopolistic power from the hands of the employers, it will be quite in

keeping with the teaching of the Encyclicals,—as long as the union leaders do not in their turn attempt to lay a yoke almost of slavery on workers and employers alike.

30. The Labor-Management Relations Act of 1947, popularly known as the Taft-Hartley Law, was passed by Congress over President Truman's veto on June 23, 1947. It contains prescriptions on many subjects: The National Labor Relations Board, the rights of employees, the rights of employers, free speech, collective bargaining, union representation, the union shop, the filing of information by unions, injunctions in labor disputes, jurisdictional disputes, the right to strike, foremen's unions, bankruptcy, national strikes, etc., etc. Some of these prescriptions taken by themselves might serve a good purpose. The law as a whole, however, is aimed at placing restrictions on union organization and labor unions in general. The morality of the law on the whole, therefore, is to be judged on the basis of the Church's teaching on labor organization and labor unions in general.

31. The Church's teaching on labor unions can be summed up as follows: 1) The Church favors labor organization. 2) The Church wants labor unions strong; *she wants them to be means to help the workers defend themselves from ill-treatment at the hands of the powerful.* 3) The Church wants government to favor unions; Pius XI calls it *criminal injustice* for a government to fail in this regard. 4) The Church wants unions to be agencies for peaceful collaboration with employers.

32. The Taft-Hartley Law, however, stands opposed to the Church on each of these points. 1) Taft-Hartley is hostile to labor unions in general. This is evident in two striking and unmistakable ways. First, American labor unions universally regard the law as hostile to them. Secondly, and still more strikingly, no defender of the law ever so much as made the claim that it favors labor unions. It is defended as being in favor of "labor," or "workers," but never as being in favor of labor unions. 2) Taft-Hartley is calculated to weaken, not strengthen, labor unions. Again, no defender of the law has ever claimed that it is calculated to make the unions more strong and free. 3) Taft-Hartley is an act of the American government by which the American workers' *natural right to form associations* is not favored, but rather restricted and even denied—which Pius XI calls *criminal injustice*. 4) Taft-Hartley is calculated to produce not collaboration, but strife, between workers and employers. Such was actually the result it abundantly produced during its first year of operation. The law as a whole, therefore, does not square with Catholic teaching on labor unions, and on this basis cannot be judged a morally good law. It may be added that all Catholic authorities on social matters who have examined the law have expressed disapproval of its hostile attitude towards labor organization, notably the Social Action Department of the National Catholic Welfare Conference, the American Catholic Sociological Society, and the Catholic labor publications, the *Wage Earner* and the *Labor Leader*.

33. Even *some Catholics looked askance* at workers' unions . . . apparently the attitude was the same in 1891 as it was more than forty years later, when on the first formation of the CIO there was a general *looking askance* by leading Catholics as well as others *as if all labor unions smacked of a socialistic or revolutionary spirit.*—Pius XI cannot be accused of taking Communism too lightly, as witness his Encyclical *On Atheistic Communism*, and below in the present Encyclical, n. 112; but obviously

his attitude as indicated here, which is the official attitude of the Catholic Church, is surely not one of identifying Communism with the labor movement; but rather, it would seem, an attitude almost of amusement at those, *even Catholics*, who do so identify the two.

Section 1. Workers' Associations

31. *The rules, therefore, which Leo XIII issued in virtue of his authority, deserve the greatest praise in that they have been able to break down this hostility and dispel these suspicions; but they have even a higher claim to distinction, in that they encouraged Christian workers to found mutual associations according to their various occupations, taught them how to do so, and resolutely confirmed in the path of duty a goodly number of those whom socialist organizations strongly attracted by claiming to be the sole defenders and champions of the lowly and oppressed.*

**Merits
of Leo's
Doctrine**

1. Other names for these *mutual associations* are "labor unions," "workingmen's unions," "industrial unions," "Christian syndicalism";—this last term being used mainly for the Catholic unions in France, Italy, and Spain.

2. *Leo XIII . . . taught them how to do so* (i.e., organize labor unions) . . . His directions are summed up and applied to modern conditions by Pius XI in the next few paragraphs of *QA*. Note the Church's reply here indicated to the objection sometimes made by employers against outside union organizers coming into a plant to teach the men how to set up and run a union. The clergy referred to by the Pope (below, n. 33) were surely "outsiders"; yet he actually praises them for their work in regard to unions. The reason is that the workers have a right to make use of outside help to do the things they need and have a right to do,—such as founding or running their union;—just as employers have a right to make use of outside help from accountants, lawyers, advertising men, to do the things they need and have a right to do for their business.

32. *With respect to the founding of these societies, the Encyclical On the Condition of Workers most fittingly declared that "workers' associations ought to be so constituted and so governed as to furnish the most suitable and most convenient means to attain the object proposed, which consists in this, that the individual members of the association secure, so far as is possible, an increase in the goods of body, of soul, and of property," yet it is clear that "moral and religious perfection ought to be regarded as their principal goal, and that their social organization as such ought above all to be directed completely by this*

**Leo's
Guiding
Principles
for Unions**

goal." ⁽¹⁾ For "when the regulations of associations are founded upon religion, the way is easy toward establishing the mutual relations of the members, so that peaceful living together and prosperity will result." ⁽²⁾

1. Leo XIII in urging religion in the unions, was addressing himself in 1891 to Catholic members of Catholic unions; but attention to matters of religion, at least in the sense of the practice of justice and charity, is most practical for all unions at all times; for unless the unionists are animated by this spirit of true justice and charity, there is danger that the unions will become just as greedy and tyrannical as are perhaps the employers with whom they are dealing or trying to deal.

33. *To the founding of these associations the clergy and many of the laity devoted themselves everywhere with truly praiseworthy zeal, eager to bring Leo's program to full realization. Thus, associations of this kind have molded truly Christian workers who, in combining harmoniously the diligent practice of their occupation with the salutary precepts of religion, protect effectively and resolutely their own temporal interests and rights, keeping a due respect for justice and a genuine desire to work together with other classes of society for the Christian renewal of all social life.*

**Founding
of Unions
in General**

1. *Clergy and laity . . .* Among the European priests who deserved the praise given here by the Pope were the following: Pottier, Rutten, Hitze, Nolens; and among the laymen: de Mun, Harmel, Helleputte, Verhaegen, Brust, Stegerwald, de Curtins.—In the United States before 1931 there were no outstanding Catholic clergymen or laymen who actually engaged in the work of founding unions; but there were Bishops and priests who assisted and sustained labor unions, and others who were called upon in time of trouble as conciliators.—Bishop Quigley of Buffalo encouraged German Catholic workers in their stand against radical Socialists, and was otherwise favorable to labor about the year 1900; and it has been said his promotion to the see of Chicago a few years later was at least partly due to his interest in labor. Fr. Peter Yorke was active in the San Francisco area around 1900. According to a good deal of information gathered by Rev. Paul Stroh, C.Ss.R., of Esopus, New York, the Pennsylvania coal miners always had priests as staunch friends, especially during the strike of 1902: Fathers Power, Curran, O'Donnell, and Bishop Hoban of Scranton were all friends of John Mitchell, head of the miners' union, who himself turned Catholic in 1907. Father Peter Dietz, of Cincinnati and later of Milwaukee, was a friend and confidant of many AFL union officials in the years 1910-25. Msgr. John A. Ryan was also the trusted friend of many labor leaders beginning about the year 1900; Fr. John McGuire, O.S.V., was active in the Midwest; Bishop Haas wrote his dissertation for Catholic University in 1922 on "Shop

(1) Encyclical *On the Condition of Workers*, n. 77.

(2) Encyclical *On the Condition of Workers*. " 78.

Collective Bargaining." — After 1931, the number of priests directly interested in the labor movement, and the number of good Catholics who were leaders of the movement, became notably larger. Among the priests: Fathers Clancy of Detroit, Rice and Hensler of Pittsburgh, Smith, S.J., and Kelly of Brooklyn, Masse, S.J., Boland and Monaghan of New York, Gilligan of St. Paul, Drolet, Reintjes, C.Ss.R., and O'Connell, C.M., of New Orleans, O'Kelly of San Francisco, Hillenbrand, Hayes, Cantwell, and Roche of Chicago, Donnelly of Hartford, Cronin, S.S., of Baltimore, McGowan and Higgins of Washington, Flanagan of Lansing, Mich., and Beix of Milwaukee. Catholic laymen who were labor leaders were: Meany, Woll, Tobin, Fenton, Brown, Milliman, of the AFL; and Murray, Carey, Brophy, Kennedy, Kyne, Weber and McDonald of the CIO. — Bishops or priests have been present at many AFL conventions, and since 1915 some who have opened the AFL conventions with prayer have been Cardinal O'Connell of Boston, Archbishop Hanna of San Francisco, Archbishop Rommel of New Orleans, Archbishop McGuigan of Toronto, Bishop Byrne of Galveston. — The CIO held its first constitutional convention in Pittsburgh in 1938; this was opened with prayer by Father Hensler; and most of the succeeding CIO conventions were opened with prayer by priests.

2. Pius XI stresses the fact that *all* the clergy and laymen strove to bring Leo's program to full realization. He does so because in Germany, as will be explained shortly, there was a difference of opinion and practice on the manner of applying Leo's doctrine on unions; this phrase in *QA* is a recognition of the sincerity of both of the two opposing parties; the members of each party sincerely thought, at least, that they were bringing Leo's program to full realization.

34. *These counsels and instructions of Leo XIII were put into effect differently in different places according to varied local conditions. In some places one and the same association undertook to attain all the ends laid down by the Pontiff; in others, because circumstances suggested or required it, a division of work developed and separate associations were formed. Of these, some devoted themselves to the defense of the rights and legitimate interests of their members in the labor market; others took over the work of providing mutual economic aid; finally, still others gave all their attention to the fulfillment of religious and moral duties and other obligations of like nature.*

1. *All the ends laid down by the Pontiff . . .* As indicated above, n. 29/2, and as Pius XI states here in the text, these ends were three: 1) defence of the economic interests of the members in the labor market (and this is the only function of labor unions as we have them in the United States); 2) mutual help by cooperative enterprises; 3) promotion of the religious interests of the members.

2. In the following countries *one and the same* union was founded: in France, Belgium, Holland, Canada; in Eastern Germany before Hitler, 1934; and in Italy before Fascism, 1922.

3. The *labor market* is the name given to the field of negotiations between workingmen who wish to hire out their labor, and employers who wish to employ labor.

4. There have been a good many of the *societies to promote the religious interests* of unionists; e.g., in England in the 1930's, the "Tramwaymen's Guild," "Catholic Police Guild," "Civil Servants' Guild," etc., and in Italy, where they were known as the "Professional Sections" of the various Catholic Action groups. In the United States, St. Jude's League, for Catholic policemen, firemen, and public safety employees has been founded in many of the larger cities, and might be ranked as a society for the religious interests of its members. But the outstanding example of this in the United States is the Association of Catholic Trade Unionists.

5. The ACTU was founded in New York City in February, 1937, precisely to meet the need here indicated in *QA*. According to its constitution, its purpose is not to form Catholic unions but to "foster and spread in the American labor movement sound trade unionism on Christian principles: 1) by bringing to Catholic workers in particular, and all workers in general, a knowledge of these principles, and 2) by training leaders and supplying an organization to put these Christian principles into practice." Its membership "is open to all Catholics who are members of bona fide labor unions,"—whether AFL, CIO, or unaffiliated (but not company dominated unions). Among its activities are the following: 1) The sponsoring of "labor schools" in various cities, — schools in which the workers and others interested, are instructed in things like ethics of labor, labor relations, history of labor, parliamentary procedure, (although not all "labor schools" in the United States are connected with the ACTU,—see below n. 143/3-5). 2) The publication of labor newspapers: *The Labor Leader* twice a month in New York, which serves as the "national issue" of the ACTU publications: *The Michigan Labor Leader* (which early in 1942 became *The Wage Earner*) in Detroit—the best Catholic labor paper in the country in 1942-8; in Chicago *The Chicago Labor Leader* for a time; and beginning in 1943, *Work*, another excellent labor paper, (for though *Work* is not an organ of the ACTU, it did much the same work) and *The Wisconsin Labor Leader* in Milwaukee during 1941-2. 3) The supplying of speakers on labor to various groups, such as Holy Name Societies, Knights of Columbus, labor unions, strikers. 4) Legal assistance to any "Actist" involved in a lawsuit, supplied gratis by the Catholic lawyers who are members of the Catholic Labor Defense League, a special department of the ACTU. Toward the end of 1941 the ACTU had established chapters in about 20 cities from New York to California; it held its first national convention in 1940, and has received the endorsement of many Bishops. —Note here the implicit approval of AFL and CIO and bona fide independent unions in the United States that goes with episcopal approval of the ACTU (below n. 35/12).

35. *This second method has especially been adopted where either the laws of a country, or certain special economic institutions, or that deplorable dissension of minds and hearts so widespread in contemporary society and an urgent necessity of combating with united purpose and strength the massed ranks of revolutionarists, have prevented Catholics from founding purely Catholic labor unions. Under these conditions, Catholics seem almost forced to join secular labor unions. These unions, however, should always profess justice and equity and give Catholic members full freedom to care for their own conscience and obey the laws of the Church. It is clearly the office of bishops, when they know that these associations are on account of circumstances necessary and are not dangerous to religion, to approve of Catholic workers joining them, keeping before their eyes, however, the principles and precautions laid down by Our Predecessor, Pius X of holy memory.*⁽¹⁾ *Among these precautions the first and chief is this: Side by side with these unions there should always be associations zealously engaged in imbuing and forming their members in the teaching of religion and morality so that they in turn may be able to permeate the unions with that good spirit which should direct them in all their activity. As a result, the religious associations will bear good fruit even beyond the circle of their own membership.*

**Catholic
Membership
in Secular
Unions**

1. *The laws of a country . . . prevented Catholics from founding purely Catholic unions . . . This was the case in Italy under Fascism, where the "labor charter" law of 1927 and subsequent laws set up what amounted to an official national labor union which alone enjoyed the approval of the government; also in Austria after Dollfuss banned international unions in 1933, and in Germany where Hitler did the same in 1934. Note that in the United States and Canada, an "international union" is one which has members both in the United States and Canada; in Europe it is one which has members in many nations.*

2. *In Italy, Austria, and Germany this banning of international unions was considered a measure necessary to avert the threat of international Communism; the Pope, however, always insists that freedom be allowed the workers to organize for their religious interests.*

3. *Certain special economic institutions . . . prevented Catholics. These institutions were probably such as the closed shop, which required that workers, including of course Catholics, had to belong to, or join, the established union as a condition for employment.*

4. *Deplorable dissension of minds and hearts . . . prevented Catholics . . . This was the case in Western Germany before 1935, in Austria before 1933, and in Switzerland, where Catholics joined with Protestants to defend the country against the danger of Communism. The dissension of minds and hearts which the Pope speaks of is that existing especially between Catholics and Protestants, and the revolutionarists are the Communists and some Socialists.*

⁽¹⁾ Pius X, Encyclical *Singulari Quadam*, September 24, 1912.

5. *Secular unions* is what Pius XI calls those unions which are not Catholic, but are also not opposed to justice or to Catholic teaching; note that they are different from "mixed" unions, so-called, in which the members are required to have at least some Christian faith. See below n. 35/9.

6. *Conditions for Catholic membership in secular unions* . . . When it is necessary because of the *country's laws*, etc., Catholics may join secular unions if four main conditions are verified: first, the union must be just and fair, and leave Catholics perfectly free to act as Catholics; secondly, the unions must have the Bishop's approval as being suitable for Catholics, before Catholics may join them; thirdly, the Bishops must provide certain safeguards for the Catholic members of the secular unions; and especially, fourthly, that there always be also special Catholic societies, to which Catholic members of the secular unions are to belong for the sake of their religion.

7. The *principles and precautions laid down by Our Predecessor Pius X* were given in his Encyclical *Singulari Quadam*, which was issued to decide a German controversy. In founding unions according to Leo XIII's directions, German Catholics were divided into two parties; one, called the "Berlin School," headed by Cardinal Kopp of Breslau and Bishop Korum of Treves, claimed that it was wrong for Catholics to join any mixed union; the other, called the "Cologne School," or "Gladbach School," held that Catholics might under certain circumstances join the mixed unions. There were prominent bishops, priests, and laymen on both sides. But Pius X decided, by the *Singulari Quadam* of September 24, 1912, in favor of those who held that Catholics might join the mixed unions.

8. Note that *Singulari Quadam* did not abolish the Catholic unions of the "Berlin School" in Eastern Germany; on the contrary, it forbade each party to try to force its ideas on the other.

9. The prescriptions of *Singulari Quadam* differ from those of *QA* in three particulars: first, Pius X had declared in *Singulari Quadam* that it could be *tolerated and permitted* that Catholics join the secular unions; and another controversy arose in Germany on these words "tolerated and permitted." Some held that they meant only a kind of unwilling toleration; others maintained that they were words of positive approval. Pius XI decides this controversy by declaring in *QA* that under the proper circumstances the Bishops are *to approve* the secular unions; thus showing that Catholic membership in secular unions is not merely tolerated, but approved, when circumstances demand and the necessary conditions are fulfilled. The second difference is that *QA* applies to the whole world the prescriptions which in *Singulari Quadam* were directed only to Germany. And the third is that Pius X spoke of "mixed" unions—i.e., of Catholics and Protestants; but *QA* speaks of *secular* unions, composed of Catholics and anyone who holds to the proper principles and policies.

10. In particular the *principles and precautions laid down by Pius X* were: The *principles*: 1) Catholic unions for Catholics are preferable, absolutely speaking. 2) While Catholics may join mixed unions, the "Cartel" idea is urged; i.e., the federation of Catholic unions with non-Catholic unions, instead of individual Catholics joining mixed unions, if necessary to meet Communistic dangers; thus making it possible for Catholics to have their own Catholic unions, and still present a strong front joined with Protestant unions against the Communists. Note that in

1936 the Catholic unions in Canada did form such a cartel with the "secular" unions. 3) Catholics may join secular unions (already explained, above 35/6). The *precautions*: besides those already mentioned, there is this: that the Bishops should follow the activities of the secular unions insofar as they touch on justice and charity, for the sake of their Catholic members.

11. As to the labor unions in the United States, the American Federation of Labor, founded in 1886, is a federation of some one hundred and five national unions covering various crafts or trades, and comprising about 7½ million workers in 1948, most of them skilled at some trade. The Committee for Industrial Organization was the name originally given to a group of presidents of trade unions within the AFL, headed by John L. Lewis, who in 1935-6 sought to promote the organization of mass-production workers at first in unions within the AFL. But they met with opposition and finally were suspended by the AFL for their activities. They then continued their organization of the unskilled workers independently of the AFL, on the basis of the industries in which they were working. The CIO then came to be a name for all these unions organized on an industrial basis. In November, 1938, it held its first Constitutional Convention in Pittsburgh, at which a constitution was adopted and the name was changed to Congress of Industrial Organizations. In 1940, John L. Lewis, the first president, was succeeded by Philip Murray, a Catholic. In 1943, however, Lewis became dissatisfied with the CIO and withdrew, taking his United Mine Workers with him. Early in 1946, the United Mine Workers were back in the AFL, only to "disaffiliate" and become independent again two years later. Nevertheless, the CIO still numbered about 39 national and international (i.e., having membership also in Canada) unions and organizations in 1948, with a voting membership of about six million. (See below n. 123/7). Side by side with the CIO and AFL, moreover there were a number of unions unaffiliated with either, numbering more than 1,750,000 members. The chief of these were and are the four Railway Brotherhoods,—the "Big Four," for Trainmen, Conductors, Engineers, and Firemen; the International Association of Machinists; and the National Federation of Telephone Workers.

12. *It is clearly the office of Bishops . . . to approve*: Have the American Bishops thus *approved* the AFL and CIO?—On November 28, 1937, the Bishops who constitute the Administrative Board of the N. C. W. C. issued a statement entitled "Christian Attitude on Social Problems." At that time committees representing the AFL and CIO were meeting in an attempt to compose the differences between them, and on this point the Bishops said in their statement: "It is deplorable that in our country an internecine conflict has broken out between two large organized bodies of workers. Continuance of the struggle can only mean increased suffering and hardship for workers themselves. It is gratifying that conferences looking to conciliation have been initiated; and for the well-being of workers, employers, and the entire people it is earnestly to be desired that these conferences will continue in a spirit of give and take, thereby providing the basis for harmony and lasting peace." In their statement "The Crisis of Christianity" issued in November, 1941, they speak in a similar manner, and express the hope that the union "leaders . . . will come forth from the emergency of national defense united in closer cooperation with

all right-minded employers and deserving the commendation of the general public." These statements are obviously an implicit approval of both AFL and CIO. The approval given by many Bishops to the ACTU, which is made up mainly of men from the AFL and the CIO, is another implicit approval of these two national organizations, as well as of the other unions represented in the ACTU.

36. *To the Encyclical of Leo, therefore, must be given this credit, that these associations of workers have so flourished everywhere that while, alas, still surpassed in numbers by socialist and communist organizations, they already embrace a vast multitude of workers and are able, within the confines of each nation as well as in wider assemblies, to maintain vigorously the rights and legitimate demands of Catholic workers and insist also on the salutary Christian principles of society.*

**Present
Status
of Unions**

1. *To the Encyclical of Leo must be given credit . . .* Note that the Pope does not say that all credit for the growth and activity of non-Communist unions must be given to *Leo's Encyclical*. But had Leo XIII condemned labor unions in *RN*, as many Catholics wanted to see him do, then in 1931 1) there would have been no Catholic unions, and 2) many Catholics in approved "secular" unions would probably have belonged to Communist and Socialist unions. Thus if millions of Catholics—a *vast multitude*—actually did belong to Catholic and approved "secular" unions in 1931, it is only stating the truth to say that *credit* must be given to *Leo's Encyclical* for this fact.

2. *These associations . . .* Evidently the Pope is talking here not only of strictly Catholic unions, but also of the approved "mixed" and "secular" unions; for he sets them in comparison with *socialist and communist organizations*.

3. As to the actual membership of the Catholic unions, in 1899 the Federation of Christian Trade Unions was founded at Mainz or Mayence, in Germany; to this belonged the "mixed" unions and the strictly Catholic unions to which Pius X was alluding in his Encyclical *Singulari Quadam* issued in 1912 (see above n. 35/7 ff.). In 1931, as the International Federation of Christian Trade Unions, it comprised 14 national federations in 11 European countries, numbering 2,381,000 members; at that time there were also Catholic unions, not affiliated with the International Federation, in the Baltic countries, Central and South America, and among the French Catholics of Canada. By 1940, however, the Federation had dwindled to one and a quarter million members in 7 countries, due to the spread of Nazi domination in Europe; and with the invasion of the Low Countries and France in 1940, the Federation became practically extinct; in fact, after that invasion, the Dutch Bishops were forced to forbid Catholic workers to remain members even of the hitherto Catholic unions in Holland, because the control of the Federation had been taken over by the Nazis.

4. About the socialist unions, the International Federation of Trade Unions in 1931 had 14,000,000 members grouped under 22 national centers.

At the beginning of 1939, according to the International Labor Organization Yearbook for 1939-40, it numbered 21 million, but in 1940 was back to 14 million under 26 national centers. The membership was very loosely linked, however, in this relic of the old "Second International"; see below n. 112/8, 117/4.

5. And about the communist unions, confined to Soviet Russia, they were estimated to have a membership of 10,000,000 in 1931; at the beginning of 1940 this had risen to 25,000,000 in 193 organizations,—again according to the 1939-40 I. L. O. Yearbook.

6. *Wider assemblies* . . . This seems to be a reference to the International Labor Conference and International Labor Organization. (See above n. 22/3.)

7. In 1946, while Catholics numbered about 15 percent of the general population, Catholic workingmen numbered 50 percent of the total union membership of the United States. Four out of every six Catholic workingmen were union members. Among the union leaders, however, only thirty-five percent were Catholics.

Further Readings on Workers' Associations

BOOKS: Harris, *American Labor* (Yale U. Press); Adamic, *Dynamite* (Viking Press); Gompers, *Seventy Years of Life and Labor* (early history of the AFL) (Hurst and Blackett); various authors, *How Collective Bargaining Works* (History of union bargaining in about thirty American industries and trades) (Twentieth Century Fund); McDonald and Lynch, *Coal and Unionism* (history of the United Mine Workers) (Lynald Books; Cornelius Printing Co., Silver Spring, Md.) Brooks, *As Steel Goes* (the gripping and amazing history of the Steelworkers Organizing Committee, later the United Steelworkers of America) (Yale U. Press); Toner, *The Closed Shop* (American Council on Public Affairs). On the "maintenance of membership clause," see *America*, May 27, 1944, p. 206; and *New International Year Book*, 1942: "National War Labor Board." On the obligation to join a union see *Commonweal*, Sept. 13, 1940, vol. 32, p. 420, and Nov. 8, 1940, vol. 33, p. 70. Daugherty, *Labor Problems in American Industry* (Houghton-Mifflin); Brooks, *When Labor Organizes* (Yale U. Press), and: *Unions of Their Own Choosing* (on the National Labor Relations Board) (Yale U. Press); Cooke and Murray, *Organized Labor and Production*, esp. Chap. 15-16 (Harper's) (very good on labor relations and Wagner Act); Golden and Ruttenberg, *The Dynamics of Industrial Democracy* (excellent on actual experiences of peaceful collaboration between unions and management) (Harper). Also Cronin, *Economics and Society*, Chap. IX (American Book Co.); Willigan and O'Connor, *Social Order*, Chap. V (Longmans); Our Sunday Visitor Press, *The Modern Social and Economic Order*, Chap. IX-XII; Ryan, *Social Doctrine in Action*, Chap. XIV-XVI (Harpers); Ryan and Husslein, *Church and Labor*, p. 122 ff. (on "Singulari Quadam") (Macmillan); Somerville, *Catholic Social Movement*, Chap. XI; Gwynn, *Catholic Reaction*

FORTY YEARS AFTER

in *France*, Chap. VII (Macmillan); Soderini-Carter, *Pontificate of Leo XIII*, p. 203 ff. (these last three deal with Catholic unions); on the ACTU, see *America*, April 6, 1946, vol. 75, p. 4 ff. Smith, S.J., *Spotlight on Labor Unions*, (Duell, Sloan and Pearce). On the Catholic unions in Canada, and some of their problems, see Robert, *Survival and Syndicalism in French Canada*, an article in the *American Catholic Sociological Review*, Vol. 4, n. 3; October, 1943, page 125. For the figures on Catholic union membership in the United States, see the *Pittsburgh Catholic*, March 28, 1946; on Catholic union leaders, see news items in Catholic newspapers during January, 1946, reporting a survey made by Professor C. Wright Mills of the University of Maryland.

GOVERNMENT PUBLICATIONS: The Bureau of Labor Statistics of the U. S. Department of Labor has published an immense amount of material on labor conditions and allied topics in the United States and elsewhere; see *A Selected List of the Publications of the Bureau of Labor Statistics*, issued periodically. The more important of these studies are summarized and published in a single volume: *Handbook of Labor Statistics*, which has appeared in 1927, 1929, 1931, 1936, 1941.

The Government Printing Office has published the *Reports of the La Follette Committee* on Industrial Espionage, Strikebreaking Services, Private Police Systems, Industrial Munitions, the Memorial Day Incident, Labor Policies of Employers' Associations (in four parts), and Employers' Associations and Collective Bargaining in California (in ten parts). The 1941 *Handbook of Labor Statistics* has a summary of the first four of these reports under the heading "Oppressive Labor Practices." It also has a worthwhile article on "Changing Attitude of Management toward Labor." The National Labor Relations Board issues annual reports. On racketeering in labor see TNEC Committee Report, page 168 ff.; cf. below n. 105 on the TNEC.

ENCYCLOPEDIAS: ESS.: articles: Trade Unions, Employers' Associations, Christian Labor Unions, Closed Shop and Open Shop, Collective Bargaining, Company Union, Detective Agencies (Private), Labor Injunction, Labor Movements. CE: Labor and Labor Legislation, Labor Unions, Moral Aspects of. *International Labor Office Year Book*, issued annually.

PAMPHLETS: *Social Action Series N.C.W.C.* pamphlets—Haas, *American Labor Movement*; *Wages and Hours of American Labor*; *Jobs, Prices, Unions*. Paulist Pamphlets: Oberle, *The Association of Catholic Trade Unionists*; Smith, *The Catholic Labor School*; Our Sunday Visitor Press: Haas, *The Why and Whither of Labor Unions*. Catholic Social Guild, Oxford, England, Pamphlets: Brauer, *The Catholic Social Movement in Germany*; Crawford, *Catholic Social Doctrine*, 1891-1931. Also AFL pamphlets and CIO pamphlets on union and labor matters.

Section 2. Associations in Other Classes

37. *Leo's learned treatment and vigorous defense of the natural right to form associations began, furthermore, to find ready application to other associations also and not alone to those of workers. Hence no small part of the credit must, it seems, be given to this same Encyclical of Leo for the fact that among farmers and others of the middle class most useful associations of this kind are seen flourishing to a notable degree and increasing day by day, as well as other institutions of a similar nature in which spiritual development and economic benefit are happily combined.*

1. The classical example of *farmers' associations* is the Boerenbond in Belgium, founded by the Abbe Mellaerts in 1890. It is a union for farmers (with the three objects for Catholic unions mentioned above: promotion of religious interests, defense of economic rights, and mutual supplying of economic, social, and even intellectual benefits), which in 1934 counted 1,244 local unions and 225,000 members, had affiliated banks with deposits of over one and one-half billion francs (225 million dollars); and did buying and selling to the amount of 83 million francs (14 million dollars) a year. There were also in 1931 the National Catholic Agricultural Confederation of Spain; the Catholic League of Dutch Peasants; and the Union of Catholic Farmers of Czecho-Slovakia.

2. Among the *associations for others of the middle class* are the following: The National Christian Federation of the Middle Classes in Belgium had 17,000 members in 1931; and The Dutch Catholic Union of the Middle Classes, 20,000 members. Perhaps the Pope is also referring here to the unions for writers, journalists, physicians, professors, teachers, which at least until the Nazi domination of Europe, existed in Austria, Germany, France, Hungary, Holland, Belgium, Switzerland, Portugal, Czecho-Slovakia, Great Britain. In the United States we have some form of these unions for the middle classes in St. Appollonia's Guild—for dentists and the Catholic Press Association—for journalists.

3. *Other institutions of a similar nature . . .* The various "co-operatives" already referred to would seem to be meant here; but besides the cooperatives, some institutions more or less for the middle classes, which provide economic advantages by working for labor legislation and by promoting social works like credit unions, maternity guilds, and which provide educational opportunities by issuing magazines and pamphlets, and by promoting study clubs, social weeks and conferences, are the following. 1) In Germany, the Volksverein, (suppressed by Hitler in 1933) was formed by the great Catholic leader, Windthorst, in 1890, and counted in 1924 a membership of almost 600,000—130,000 of whom were women. 2) In France, the Action Populaire, founded in 1903 as a central bureau of information and propaganda; the Abbe Desbuquois was its outstanding director, and before 1940 it engaged a staff of 50 workers, priests and laymen. 3) In England, the Catholic Social Guild of Oxford, founded in 1909, under the auspices of the Catholic Truth Society, had Father Charles Plater, S.J. (died in 1922) as its outstanding leader. 4) In the United States, there was the Central Bureau of the Catholic

Central Verein of America, established in 1908, and located at St. Louis, Missouri, with Mr. F.P. Kenkel, K.S.G. as director; also the Social Action Department of the National Catholic Welfare Conference founded in 1920 and located at Washington, D.C. with Msgr. John A. Ryan as Director and Father R. A. McGowan as Vice-Director; later Father John M. Hayes, Fr. John F. Cronin, S.S., and Father George G. Higgins became Assistant Directors. After the death of Msgr. Ryan in 1945, Fr. McGowan became Director. Note that the Volksverein was and the Catholic Social Guild is a society with members, whereas the Action Populaire and the Central Verein are rather centers of information and propaganda, having no members in the strict sense.

Further Readings on Associations in Other Classes

On the *Boerenbond*, see Plater, o.c., Chap. VI; Somerville, o.c., Chap. VIII; Ross, *Belgian Rural Cooperation*, (Bruce); *Irish Ecclesiastical Record*, Vol. 37, p. 119.

On *Action Populaire*, see Moon, o.c., p. 321 ff. and I.E.R., Vol. 37, p. 117.

On the *Volksverein*, C. E., "Volksverein," Plater, o.c., p. 62 ff.; Somerville, o.c., p. 71 ff., I.E.R. Vol. 37, p. 115.

On the *Catholic Social Guild*, see McEntee, o.c., Chap. IV; *Commonwealth*, Vol. 15, p. 539.

On the *National Catholic Welfare Conference*, see Ryan, *Social Doctrine in Action* (Harper's), p. 151 ff.; Williams, *The Possibilities of National Catholic Cooperation*,—in *Catholic Builders of the Nation*, Vol. II, p. 285, esp. p. 297 ff. (Continental Press).

On the *Central Verein*, see Schrembs, in *Catholic Builders of the Nation*, Vol. II, p. 80 ff. and Sister Mary Liguori Brophy, B.V.M., *The Social Thought of the German Roman Catholic Central Verein* (Catholic University, Washington, D.C.).

Section 3. Associations of Employers

38. *But if this cannot be said of organizations which Our same Predecessor intensely desired established among employers and managers of industry—and We certainly regret that they are so few—the condition is not wholly due to the will of men but to far graver difficulties that hinder associations of this kind which We know well and estimate at their full value. There is, however, strong hope that these obstacles also will be removed soon, and even now We greet with the deepest joy of Our soul, certain by no means insignificant*

attempts in this direction, the rich fruits of which promise a still richer harvest in the future.⁽¹⁾

1. Pius XI in this section on *employers' associations* is speaking not so much of what we call in the United States "trade associations" or "Chambers of Commerce," as of associations of Catholic employers. As was said above (n. 30/11) there were several thousand of the ordinary trade associations in the United States alone in 1931, and according to the Encyclopedia of Social Sciences (article "Employers' Associations") the employer associations in Great Britain, Germany, Italy, Denmark, Norway and Sweden include practically all the employers in those countries; hence this cannot be the kind of association of which Pius XI says that he regrets *that they are so few*. Some examples, however, of these *associations* of Catholic employers are: French Federation of Catholic Employers, founded by Leon Harmel in 1891, and numbering 5,800 members in 1933; the Union of Christian Social Action in Belgium; the General Confederation of the Catholic Employers of Holland; the Catholic Employers' Association of Spain.

2. Leo XIII had shown in *RN* his *desire for associations of employers* n. 36(69), where he said: "It is gratifying that societies of this kind, composed either of workers alone or of workers and employers together are being formed everywhere, and it is truly to be desired that they develop in number and vigor of action." He also repeated this desire in various audiences with workingmen and employers, especially Leon Harmel, the great French Catholic employer.

3. The Letter to the Bishop of Lille was sent by the Sacred Congregation of the Council to Bishop—later Cardinal—Lienart of Lille, in France, as a reply to complaints about Catholic labor unions in North-eastern France, which had been made to the Pope in 1924 by M. Eugene Mathon, a Catholic employer of that region. The letter was published in Latin in the *Acta Apostolicae Sedis*, August 3, 1939, p. 494, and in English in the *Catholic Mind*, January 8, 1930. It consists of two parts: in the first, the Sacred Congregation lays down the general principles given by the Church on labor unions—for workingmen and also employers—in general; and in the second, it applies the principles to the matter in hand, declaring mainly: 1) that the complaints against the Catholic labor unions of northern France have been found to be either exaggerated or groundless; 2) that the employers' unions have done good work, but that they have unfortunately been "neutral" rather than Catholic; 3) that all should strive for peace, especially by the formation of permanent joint commissions between workingmen and employers.

4. Note that the general principles laid down in the Letter to the Bishop of Lille are the same as those of *QA*; in fact, the Pope incorporates the Letter into *QA* by referring to it in a footnote. On two points the Letter may be said to be more explicit than *QA*; first, among the unions approved, it expressly mentions unions for workingmen and employers together, whereas such unions are not mentioned in *QA* except in a refer-

(1) See Letter of the Sacred Congregation of the Council to the Bishop of Lille, June 5, 1929.

ence to *RN*; and secondly, it "suggests," that in case of difficulties, joint commissions between workmen and employers be formed.

5. The Pope does not specify the *far graver difficulties that hinder the formation of Catholic employers' associations* in European countries. Probably he is referring to the scarcity of employers in those countries imbued with truly Christian principles. As far as the United States is concerned, strictly Catholic employers' associations would not be required by the Pope any more than strictly Catholic workers' unions.

Further Readings on Associations of Employers

For the text of the letter to the Bishop of Lisle, see the *Catholic Mind*, January 8, 1930, and Husslein, *Christian Social Manifesto*, p. 244.

For a commentary on the text, see a series of articles in *Central Blatt and Social Justice*, by Husslein, S.J., beginning in April, 1930; published later by the Central Bureau Press in the pamphlet *The Church and Industrial Associations*.

For the facts in the case, see Somerville, o.c., p. 158 ff., and *America* Vol. 45, p. 131; also *Catholic Charities Review*, November 1929, p. 298.

Conclusion: On the Condition of Workers the Magna Charta of the Social Order

39. All these benefits of Leo's Encyclical, Venerable Brethren and Beloved Children, which We have outlined rather than fully described, are so numerous and of such import as to show plainly that this immortal document does not exhibit a merely fanciful, even if beautiful, ideal of human society. Rather did our Predecessor draw from the Gospel and, therefore, from an ever-living and life-giving fountain, teachings capable of greatly mitigating, if not immediately terminating that deadly internal struggle which is rending the family of mankind. The rich fruits which the Church of Christ and the whole human race have, by God's favor, reaped therefrom unto salvation prove that some of this good seed, so lavishly sown forty years ago, fell on good ground. On the basis of the long period of experience, it cannot be rash to say that Leo's Encyclical has proved itself the Magna Charta upon which all Christian activity in the social field ought to be based, as on a foundation. And those who would seem to hold in little esteem this Papal Encyclical and its commemoration either blaspheme what they know not, or understand nothing of what they are only superficially acquainted with, or if they do understand convict themselves formally of injustice and ingratitude.

**Benefits
of Rerum
Novarum
Summarized**

**Critics
Condemned**

1. Note that there are Catholics today who say that the Church's program for the relief of the poor is beautiful but impossible, *fanciful, even if beautiful*. The Pope's words here are addressed to them, and imply: if *RN* could produce these actual good results, so can *QA*, if Catholics acquaint themselves with it and follow out its directions.

2. The reference to the *Magna Charta*, too, is noteworthy for three reasons. First, the benefits in the field of relieving the workingmen which flowed from *RN* are comparable to the benefits for representative government which flowed from the *Magna Charta* signed by King John of England in 1215; therefore, *RN* is to the workingman what *Magna Charta* is to government by representation in Parliament or Congress. Secondly, the Fascists in Italy claimed that their "Labor Charter" issued in 1927 was the *Magna Charta* of the laboring man; Pius XI does not say precisely that *RN* was the *Magna Charta* of the laboring man, but makes it broader still: *the Magna Charta of all Christian social activity*, and so administers an unmistakable rebuke to this claim of Italian Fascism. And thirdly, Pius XI says that *RN* is the *Magna Charta of all Christian social activity*—which is much wider than if he had said *Catholic social activity*.

3. The condemnation of those who *seem to hold Leo's Encyclical in little esteem* is marked by exceptional severity; it is a partial quotation from St. Jude's Epistle, chapter I, verse 10: "But these men blaspheme whatever things they know not; and what things soever they naturally know, like dumb beasts, in these they are corrupted." See also 2 Peter, 2/12. The Pope implies that contempt or mockery of the social doctrine of the Church is a serious sin,—of blasphemy, injustice, or ingratitude.

40. Yet since in the course of these same years, certain doubts have arisen concerning either the correct meaning of some parts of Leo's Encyclical or conclusions to be deduced therefrom, which doubts in turn have even among Catholics given rise to controversies that are not always peaceful; and since, furthermore, new needs and changed conditions of our age have made necessary a more precise application of Leo's teaching or even certain additions thereto, We most gladly seize this fitting occasion, in accordance with Our Apostolic Office through which We are debtors to all ⁽¹⁾ to answer, so far as in Us lies, these doubts and these demands of the present day.

**Transition to
Part Two**

(1) Cf. Rom. 1/14.

PART TWO

SOLUTION OF DOUBTS AND PROBLEMS CONNECTED WITH RERUM NOVARUM

Introduction. The Authority of the Church in Social and Economic Matters

41. Yet before proceeding to explain these matters, that principle which Leo XIII so clearly established must be laid down at the outset here, namely, that there resides in *Us* the right and duty to pronounce with supreme authority upon social and economic matters.⁽¹⁾ Certainly the Church was not given the commission to guide men to an only fleeting and perishable happiness but to that which is eternal. Indeed

Principle Stated and Explained the Church holds that it is unlawful for her to mix without cause in these temporal concerns";⁽²⁾ however, she can in no wise renounce the duty of God entrusted to her to interpose her authority, not of course in matters of technique for which

Principle Proved: she is neither suitably equipped nor endowed by office, but in all things that are connected with the moral law. For as to these, the deposit of truth that God committed to *Us* and the grave duty of disseminating and interpreting the whole moral law, and of urging it in season and out of season, bring under and subject to Our supreme jurisdiction not only social order but economic activities themselves.

1. Leo XIII had already clearly established this principle especially in *RN*, and in two ways. First, implicitly by the fact that he did pronounce on social and economic matters all through *RN*. And secondly, explicitly, by declaring, e.g., in one place,—*RN* n. 1(3)—that the Church can pronounce on these matters "to refute erroneous opinions," and in another,—n. 13(24)—that "no satisfactory solution of the social question will be found unless religion and the Church have been called upon to aid" especially since the Church by her Sacraments and Sacramentals can "enter into men's minds,"—n. 22(40).

2. Here the Pope says: "There resides in *Us* (the Pope) the right . . ."; in a moment he says: *The Church* cannot renounce her God-given right. Note that the Pope and the Catholic Church are the same, as far as the

(1) Cf. Encyclical *On the Condition of Workers*, n. 24-25.

(2) Pius XI, Encyclical *Ubi Arcano*, Dec. 23, 1922.

supreme teaching and judging power are concerned; what the Pope has a right to teach and judge is what the Catholic Church has a right to teach and judge.

3. This *supreme authority* is authority to pass judgments or court decisions from which there is no appeal, i.e., final judgment—like the decisions or the judgments passed by the United States Supreme Court, from which there is no appeal as far as civil matters in the United States are concerned.

4. The use of this right by the Church involves three things: first, the right to examine social and economic questions; secondly, the right to give her decisions from which there is no appeal; thirdly, the right to oblige all men to abide by her decisions.

5. And the Church can oblige all men, because when she uses this right, she is acting (as will be seen directly) as interpreter either of the natural law or of divine revelation; and these bind all men. Men may violate or disregard the Church's rulings; but that does not free them from the obligation.

6. As examples of *social and economic matters*, there are the very things treated by Pius XI throughout this Encyclical: labor unions, property, capital and labor, wages, government, business; and the Church has a *cause* or a *reason to interpose her authority* in these matters *not* when there is a question of *technique*, but of the *moral law* in their regard; i.e., not on their technical, but on their moral side.

7. All human activity with external things has both a technical and a moral side. The technical side looks to the skill, efficiency, correctness with which the external things are used; the moral side looks to right or wrong in their use. Take the example of a man setting off a charge of dynamite; on the technical side, the question is: has he done a neat and complete job? on the moral side, the question is: has he a right to set off this charge of dynamite? is he engaged in safe-breaking, or is he clearing his field of stumps before the spring plowing?—The technical side of human activity is sometimes referred to as “the technical details of the matter”; for instance, during a national emergency it is the morally right thing for labor and capital to collaborate more intensely than ever for economic production; and the particular systems used to achieve this collaboration are called “the technical details.”

8. Nevertheless, these “technical details” sometimes take on a moral aspect of their own. For instance, if in an effort to increase production, management imposes the “speed-up” (i.e., a system which taxes the energy and endurance of the workers to the very utmost) on the workers,—this very “speed-up” becomes morally wrong. Similarly, the “check-off” is a system whereby an employer deducts the union dues of his employees from their pay check beforehand, and hands them over in a lump sum to the union. Unionists themselves argue the pros and cons of the check-off as a technical device for collecting dues; but if a union official were to use it to divert unjustly to himself the fund he gets so efficiently, it would become wrong, hence a moral matter. Likewise it is in itself a technical detail whether a corporation is organized under the laws of one state or another; but if a corporation doing business in Michigan, with most of its stockholders in the Middle West, is incorporated in Maine, for the purpose of

making it hard for most of the stockholders to be present at the annual stockholders' meeting, and thus keeping the control of the corporation unjustly in a few hands, that would also be a wrong use of a technical device.

9. *The Church was not given the commission...* Her commission and her equipment are not concerned with correctness, skill, or efficiency in the use of any created things. Her commission is to teach all nations, and to command them to observe whatsoever is necessary for the salvation of their souls. And her equipment is the sacraments, the sacramentals, prayer, and penance, by which she saves the souls of men.

10. The proof which the Pope gives for his assertion that he has a God-given right to pass final judgment on moral matters is this in brief: God gave the Church and its head, the Pope, supreme charge of moral matters; and while economics has its own principles in its own sphere, it also has a God-given end or object, which comes under the moral law, and in God's design is to lead men to Him. Hence insofar as there is a side to economic matters which comes from God and leads to Him,—i.e., which involves right and wrong,—to that extent economic matters are subject to the supreme authority of the Pope.

11. The "deposit of faith" is a technical name given by theologians to the entire body of revealed truths which Christ gave into the keeping of the Pope. But Pius XI here speaks of the *deposit of truth* which God has given into the keeping of the Pope—i.e., not only revealed truths, such as the Divinity of Christ, or the Trinity, but also all truths made known by natural reason—such as: contracts which are just must be kept.

12. The Pope keeps the *deposit of truth* which God committed to him by preserving the body of natural truths as it was handed down to him by his predecessors, free from admixture of error; which means that he must reject and condemn errors as they arise.

13. *Disseminating, interpreting, urging the whole moral law...* The moral law declares: "Render to every man his due." The Pope *interprets* this general precept as meaning in particular, among other things: Employers are to pay a living family wage to their employees. He *disseminates* this law when he publishes or promulgates it, in an Encyclical or otherwise, as something binding on all men. He *urges* it by insisting upon it in spite of neglect and resistance from the world. The phrase, *in season, out of season* is taken from St. Paul's Second Letter to Timothy, chapter 4, verse 2: "Preach the word, be instant in season, out of season; reprove, entreat, rebuke, in all patience and doctrine."

14. The Pope's claim to have charge of the deposit of truth, and be the interpreter, etc., of the moral law is based on Christ's command: "Go, therefore, and make disciples of all nations... teaching them to observe all that I have commanded you." This evidently implies a right and a duty to teach men even, or perhaps especially, before they accept Christian revelation. Besides, the natural law is so general and indeterminate in itself that it obviously needs an authoritative interpreter; and the reason why people should be led to the Pope as that interpreter is because God imposed this office on him and he is the only one in the world who lays claim to it.

42. *Even though economics and moral science employs each its own principles in its own sphere, it is nevertheless, an error to say that the economic and moral orders are so distinct from and alien to each other that the former depends in no way on the latter. Certainly the laws of economics, as they are termed, being based on the very nature of material things and on the capacities of the human body and mind, determine the limits of what productive human effort cannot, and what it can obtain in the economic field and by what means. Yet it is reason itself that clearly shows, on the basis of the individual and social nature of things and of men, the purpose which God ordained for all economic life.*
- | | |
|----------------------|--|
| Economics | |
| Has its own | |
| Principles | |
| But also | |
| Has a | |
| God-given End | |

1. As the Pope takes it here, *economics* evidently means that part of human activity which is concerned with the material wants and needs of men. The "sphere of economics" or *the economic order* means the sum total of this activity concerning man's material wants and needs. The economic field, if different from *the economic order* or *sphere*, would seem to mean the various objects in the order or *sphere* towards which human activity goes out, e.g., food, clothing, housing, labor, capital, wages. Note that "economics" as a science is called, or used to be called, in English, "Political Economy."

2. The Latin for *moral science* here is "*moralis disciplina*," which in this place really means not so much a scientific study or knowledge about conduct, as the very manner of moral conduct itself; that is, human activity in the moral sphere. The *moral order* or the *sphere of morals* is the sum-total of human activity in the moral sphere, that is, in the sphere of right and wrong, of saving or losing one's soul, getting to heaven or hell.

3. Some examples of economic laws are as follows: One is called Gresham's Law: "Bad money drives out good money, but good money cannot drive out bad money"; another is the "Law of Diminishing Returns": "After a certain point is reached in the cultivation of every piece of land, it is found that increasing the units of labor and capital put upon the land, will not increase in the same proportion as before, the number of bushels which the land will yield." Others are: "Every fluctuation in the value of money causes a proportionate fluctuation in prices"; "every fluctuation in the quantity of money causes a proportionate change in prices." The Pope here seems to admit the validity of economic laws in general; but later (n. 54-55) he condemns one of them in particular—apparently the so-called "iron law of wages"—as a "fictitious law"; hence his general acceptance of them here cannot be taken as an approval of every alleged "economic law" in particular.

4. In what Pius XI says of the origin of economic laws, note two things. He states that they flow from the nature of material things and the capacities of the human body and mind, and hence he implicitly denies first, that they flow from the decree of any human law-giver, and secondly, that they flow from the caprice of men.

5. And in what he says of their function he implicitly declares that they are not laws in the true sense; he states that they merely define what

is economically feasible or not; whereas true laws bind their subjects to perform or avoid certain acts.

6. Two things are noteworthy about the Pope's statement that *reason itself* reveals the *purpose* of the whole economic order. First, the fact that the entire economic order does have some definite end or purpose, and is not merely a purposeless struggle for the survival of the fittest, as some Liberalistic economists have claimed; and secondly, that it is not the Pope or the theologians who teach this, but *reason itself*.

7. In this section, Pius XI does not say exactly what is the purpose of the entire economic order, but he does say so later at the end of n. 75: "for then only will the social economy be rightly established and attain its purposes when all and each are supplied with all the goods that the wealth and resources of nature, technical achievement, and the social organization of economic life can furnish. And these goods ought indeed to be enough both to meet the demands of necessity and decent comfort, and to advance people to that happier and fuller condition of life which, when it is wisely cared for, is not only no hindrance to virtue but helps it greatly." Hence in short, the purpose of the economic order may be said to be: the production by friendly cooperation among men, of enough goods to make it possible for every human being to lead a good life.

8. The way in which *reason itself clearly shows* that it was *God* who gave this particular purpose to the whole economic order is as follows. First, reason sees that God the Creator made man and all material things; reason therefore *clearly shows* that it is God the Creator who gives this end or purpose to man and all material things. Secondly, reason sees from man's individual nature that his last end is to enjoy God after this life, and that the preparation for the enjoyment of God is a good life in this world; it therefore *clearly shows* that the end or object of the economic order is subordinated to the last and highest end of man, and consists in helping him to lead a good life. Thirdly, reason sees from man's social nature that he is made to live in friendly cooperation with his fellows; reason therefore *clearly shows* that economic or material things are to be produced by friendly cooperation.

43. *But it is only the moral law which, just as it commands us to seek our supreme and last end in the whole scheme of our activity, so likewise commands us to seek directly in each kind of activity*

**Which Comes
Under the
Moral Law**

those purposes which we know that nature, or rather God the Author of nature, established for that kind of action, and in orderly relationship to subordinate such immediate purposes to our supreme and last end. If we faithfully observe this law, then it will follow that the particular purposes, both individual and social, that are sought in the economic field will fall in their proper place in the universal order

**And Leads
To God**

of purposes, and we, in ascending through them, as it were by steps, shall attain the final end of all things, that is God, to Himself and to us, the supreme and inexhaustible Good.

1. Note the function, subjects, and objects of the moral law as described by the Pope. Its function is to command or bind, as distinct from the economic laws, which only define. As to its subjects, or those whom it commands: it commands *us*, says the Pope: i.e., all men under the sun. And its objects, or the ends it commands us to seek in our activity, are threefold. It binds us first, to direct all our actions to the attainment of our *last end*; secondly, to direct all our actions in any *particular* sphere of activity towards the attainment of God's purposes for that sphere; and thirdly, to *subordinate* the ends and actions of the lesser spheres towards the attainment of our supreme and last end.

2. Practically, we do this by trying to avoid sin and to do right in all our actions; the attainment of our last end being what Christians call saving one's soul. Thus, e.g., the moral law binds all men to sacrifice financial gain in cases where such gain would be morally wrong; and this sacrifice of the financial sphere to the sphere of right and wrong is the subordination which the Pope speaks of here.

3. How this leads to God is also plain; for *if we faithfully observe this law* of subordinating the lesser to the higher in life, of sacrificing temporal gain for conscience's sake, we shall be on the path to heaven; even people of no particular religious persuasion take this as an accepted fact, even while they may not be following it out in their lives.

4. As to the *particular purposes*, both individual and social *that are sought in the economic field*, it was said above n. 42/7, that the general purpose of the economic order or sphere is the production by willing collaboration of so abundant a supply of earthly goods as to make a good life easier for everyone. The particular individual purposes, then, in the economic field consist in the attainment by each individual of his share of these abundant earthly goods, either as the direct fruit of labor, or, in the profit system, through his income in the form of wages, prices, interest, dividends, or rent (sometimes two or three of these come to the same man). The *particular social purposes* sought in the economic field consist in the benefits of collaboration between labor and capital, between organized labor and management, between industry and agriculture, manufacture and transportation, between business and government, between various governments. These "benefits of collaboration," moreover, are peace, abundance, and progress in the production of earthly goods; which are indeed the *steps* that are needed for people to ascend to God; for in God's design such things are to be not a hindrance, but rather a great help to virtue.

5. The Pope's authority over social and economic matters, then, comes down to this, that social and economic matters can play a very important part in a person's getting to either heaven or hell; and the Pope has charge of everything that will get people to heaven or keep them out of hell.

6. Priests in good standing share the Pope's authority and speak for the Pope and the Church when they preach the general truths about the moral law which he has *disseminated, interpreted and urged*. When they apply these truths to particular cases, however,—as when they condemn particular individuals or institutions for failing against the Pope's teaching, or when they actively take part in the furthering of credit unions, co-operatives, or labor unions, or when they actively promote social legislation—they are acting on their own responsibility. For while in general

they are acting in obedience to the Pope, who does not certainly wish his teaching to remain something merely vague and general, still the particular application is on their own responsibility, and they do not act officially for the Pope and the Church.—Thus in Catholic social action a priest has a double office to fulfill. One is to act merely as the mouthpiece of the Church and the Pope, by publishing the general social doctrine of the Church in his own surroundings. The other is the more difficult work of actually applying the Church's general doctrine to particular cases, by pointing out publicly—presupposing that he has mastered the Church's teaching and thoroughly understands local conditions, and is acting in complete harmony with his Bishop—how local conditions agree or do not agree with Catholic social doctrine, and by suggesting and promoting practical remedies and lines of action.

Further Readings on the Church's Authority in Economic Matters

Nell Breuning—Dempsey, Chap. 5. Husslein, *Christian Social Manifesto*, Chap. 4. Cahill, Chap. 29. Maritain, *The Things That Are Not Caesar's* (Sheed and Ward), p. 25-40. *Commonweal*, Vol. 30, p. 528 ff.—excellent article on this subject, taken from Coady, *Masters of their own Destiny* (Harpers). *Catholic Mind*, Jan. 8, 1930,—on the priest and economics, according to the Letter of the Holy See to the Bishop of Lille.

Chapter One

On Ownership or the Right of Property

Introduction

44. But to come down to particular points, We shall begin with ownership or the right of property. Venerable Brethren and Beloved Children, you know that Our Predecessor of happy memory strongly defended the right of property against the tenets of the Socialists of his time by showing that its abolition would result, not to the advantage of the working class, but to their extreme harm. Yet since there are some who calumniate the Supreme Pontiff, and the Church herself, as if she had taken and were still taking the part of the rich against the non-owning workers—certainly no accusation is more unjust than that—and since Catholics are at variance with one another concerning the true and exact mind of Leo, it has seemed best to vindicate this, that is, the Catholic teaching on this matter from calumnies and safeguard it from false interpretations.

Leo XIII and Private Property

Calumnies and Controversies

Purpose of This Part

1. After an introduction here (n. 44), the Pope settles controversies and refutes calumnies on five points of the Church's doctrine on property: first, whether the property right is primarily for the common good (n. 45-6); secondly, whether the property right is limited (n. 47-8); thirdly, whether property rights come from the State (n. 49); fourthly, whether the rich are free to do as they please with their superfluous goods (n. 50-1); and fifthly, whether labor is the only title to property (n. 52).

2. Note that the Pope does not give any particular definition of the property right; even orthodox theologians vary in the wording of their definitions, although, as Pius XI says, the Church and orthodox theologians are quite agreed on the concept of the property right. Towards the end of this Section a definition will be formulated according to the doctrine of Leo XIII and Pius XI, n. 52/6. For the present, we may use this general description: the property right, or ownership, or private property (note that all these terms mean the same thing) is: the moral power to acquire and dispose freely of material things within the strict limits of mine and thine.

3. "Private" property, however, does not have to belong to a single individual; it may belong to a group of individuals—a society or a corporation; even the State can have this right of property. The State's property is called "public" property, but the State's right to it is the same as the right of private citizens to their property. Property which is at the disposal of all is "common" property.

4. Nor does private "property" mean only such things as real estate; it is any material thing which can serve a human need, such as food, clothing, shelter, as well as money, checks, bonds, which represent these things. Besides, the property right may mean not only the right to the thing itself, like a house, but the right to the use of the thing, to which a tenant has a right; the tenant has the moral power to dispose freely, within the limits of mine and thine, of the use of the house. In the same way, the beneficiary of a trust fund does not own the fund, but has the power to dispose freely within the limits of mine and thine, of the interest of the fund.

5. It was necessary to *defend the property right against the Socialists* in 1891 because they claimed that the remedy for the misery of the poor consisted in the abolition of private property: that everything should be in common, and the State or local governments should be the administrators. And *Leo XIII defended the right of property in RN* with three arguments. He showed that the abolition of private property would be first, futile as a remedy for the misery of the poor, because, by taking away the little they did possess, it would only increase their misery, i.e., *it would result . . . in extreme harm to the working class*,—*RN*, n. 4(9). Secondly, it would be unjust, because it would rob men of a natural right which they possess as human beings and as heads of families,—*RN* n. 5-11(10-21). Thirdly, it would be destructive of peace and order in the State, because it would give rise to constant bickering and quarreling over the sharing of common property, and would deprive individuals of all incentive to improve their conditions,—*RN* n. 12(22).

Section 1. Its Individual and Social Character

45. *First, then, let it be considered as certain and established that neither Leo nor those theologians who have taught under the guidance and authority of the Church have ever denied or questioned the twofold character of ownership, called usually individual or social according as it regards either separate persons or the common good. For they have always unanimously maintained that nature, rather the Creator Himself, has given man the right of private ownership not only that individuals may be able to provide for themselves and their families, but also that the goods which the Creator destined for the entire family of mankind may through this institution truly serve this purpose. All this can be achieved in no wise except through the maintenance of a certain and definite order.*

**Church
Did Not
Overstress
Either Side**

**What Actually
Was Taught**

1. Controversies on the nature of ownership arose toward the end of the 1920's and can be followed in the pages of the German periodical "Theologische-praktische Quartalschrift," especially 1927, p. 715 ff.; 1928, p. 18; 1929, p. 710 ff.; 1930, p. 524 ff. Certain Catholic priests and professors, especially Father Horvath, O.P., and Dr. Karl Lugmayer—in a movement called the "Neue Wiener Richtung," the "New Vienna Movement,"—stressed very strongly the social character or purpose of ownership, claiming that since God gave the goods of the earth for the needs of all men, it follows that ownership or private property is primarily for all men or the common good. Their opponents were the Jesuits Biederlack, Cathrein, and Vermeersch, who admitted that God gave the goods of the earth for all men, but claimed that ownership or private property, according to traditional Catholic teaching, is not merely for the common good, but also for the good of the particular owner and his family.

2. Pius XI settles the controversy by stating that *the right of private ownership* has two purposes or aspects: *Not only that individuals may be able to provide for themselves and their families, but also that the goods which the Creator destined for the entire family of mankind may through this institution truly serve this purpose.* Note that the Pope does not say: first, the individual, and then, the social, but puts the two purposes as it were on an equal footing. His decision, therefore, is surely on the side of Fathers Biederlack, Cathrein, and Vermeersch; for he clearly indicates that though the goods of the earth were given by God *for the entire family of mankind*, still the property right or ownership is a different thing from the goods of the earth; the property right, unlike the goods of the earth in general, is not primarily for the common good. His doctrine—which he says is the traditional doctrine of the Church—is that the property right or the institution of private property is given to men by nature or God, equally for its individual purpose and for its social purpose—that is, equally for the good of the owner and for the common good; and if one

of these is stressed above the other, the result will be some kind of Socialism or Individualism.

3. Catholics in the United States still sometimes speak of the property right as being primarily for the common good. One fairly well circulated pamphlet, called *The Christian Doctrine of Property*, by Monsignor John A. Ryan, has this to say: "The primary right of property is not the right of exclusive control, but the right of use. In other words, the common right of use is superior to the private right of ownership. God created the goods of the earth for the sustenance of all the people of the earth; consequently, the common right of all to enjoy these goods takes precedence of the particular right of any individual to hold them as his exclusive possession." These words were written in 1922, long before the settlement of the controversies by the Pope in 1931, and hence Monsignor Ryan cannot be blamed for not following the Encyclical at that time; but *The Christian Doctrine of Property* was re-published without change in the late 1930's; and Catholic writers and speakers still pretty generally follow the same line.

4. This insistence of the Pope on the twofold purpose of the property right does not mean that every piece of property is to be used, half for its individual and half for its social purpose. In practice, circumstances will determine which purpose prevails in a given case. For instance, the property of a farmer consists in the produce of his fields in his barn. Circumstances may require that he use them all just to feed his family; in that case, they serve only their individual purpose. Again, circumstances might require that he give them away as alms; then they serve their social purpose. And finally, circumstances might indicate—as they usually will—that he sell them on the market; in which case they will serve both purposes: the individual, by bringing him the selling price, and their social purpose by contributing to the needs of the buyers and the public at large.

5. The statement that the property right comes from nature (or nature's God) in its individual purpose means that the moral power to dispose freely of material things within the strict limits of mine and thine is the way of providing for oneself and one's family intended or required by the needs of human nature; i.e., private property is natural to a person considered either as an individual or as the head of a family; and since God is the Author of nature, private property under this aspect comes from Him.

6. Leo XIII in *RN* n. 5-7 (10-15), gives three reasons why ownership or private property is natural to man as an individual. First, he says, nature made man a creature of reason and free will, and ownership, or private property, since it is a moral power to dispose freely of material things, is evidently bound up with or contained in this rational, free nature; i.e., it is a natural right. Secondly, nature gave man the ability and the inclination to provide for the future; and again, the moral power to dispose freely of material things is bound up with or contained in this natural ability and inclination; i.e., it is a natural right. Thirdly, nature gave man the ability and inclination to cultivate the soil and its fruits; and when a man has tilled the soil, or wrought his handiwork in wood, marble, metals, or other materials, he has put his own personality into them, and made them, so to speak, a part of himself; and it is natural that a man should have power to dispose freely of parts of himself.

7. He also proves that private property is natural to man as head of a family. His words in *RN* n. 10(20) are as follows: "It is a most sacred law of nature that the father of a family see that his offspring are provided with all the necessities of life, and nature even prompts him to desire to provide and to furnish his children, who, in fact, reflect and in a sense continue his person, with the means of decently protecting themselves against harsh fortune in the uncertainties of life. He can do this surely in no other way than by owning fruitful goods to transmit by inheritance to his children."

8. And the statement that private property comes from nature or nature's God in its social purpose means that private property is the institution called for by human nature (or by God) as the best means of satisfying the common needs of all, i.e., taking human nature as it is, the most suitable way of providing for an orderly distribution of the goods of the earth among all men is by the institution of private property; and since God wants the goods of the earth to satisfy the needs of all men in the most suitable and orderly way possible, private property in its social aspect comes from God. Note the paradox here: *Private* property is the natural and the best means of promoting the *common* good.

9. Three great Catholics give the reasons for this. First, Leo XIII declares in his famous phrase in *RN* n. 7 (14): "However the earth may be apportioned among private owners, it does not cease to serve the common interest of all." Secondly, Pius XI in *QA* explains this phrase of Leo XIII when he says in this very section, n. 45, that the common needs of all cannot be satisfied, *except through the maintenance of a certain and definite order*, and a little later, (n. 53) states that this order "consists in this that each thing have its proper owner." Thirdly, St. Thomas Aquinas, in his *Summa*, II, II, q. 66, art. 2, gives these three reasons: "Private property is necessary to human life for three reasons: first, because everyone is more careful to look after what belongs to himself alone than after what is common to all or to many, since all men shun labor and leave to others what is matter of joint concern, as happens when there are too many servants; on another ground, because human affairs are better directed if on each individual there rests his own care of managing something, whereas there would be nothing but confusion if everyone without distinction were to have the disposal of anything he chose to take in hand; thirdly, because by this means society is rather kept at peace, every member being content with his own possession, whence we see that among those who hold anything in common and undivided ownership strifes not infrequently arise."

10. It is sometimes objected that in this same article in the *Summa*, St. Thomas said "possession should be private, but use common." But note that he says ownership should be *private*; i.e. *private* property, *not common* property is the natural means of serving the *common good*; and even by his term "common use" he did not mean that anyone may use the private possessions of another at will. According to his doctrine in the *Summa*, I, II, q. 105, art. 2, and in his Commentary on the Second Book of Aristotle's "Politics," Lesson IV, an owner puts his private possessions to "common" use not only when he gives them away, but also when he lends or even sells them.

11. Nor is this insistence of the Pope on the individual character of private property an approval of present arrangements under which a few people have nearly all the property, and great numbers have none. He is merely stating what nature indicates as the best means of dividing property among great numbers of men with peace, order, and efficiency. The fact that a few rich men abuse this natural order of things is condemned by the Pope again and again, and this Encyclical is devoted precisely to showing how these abuses can best be remedied, and the natural order restored; i.e., how "to reconstruct the social order."

12. As to the *institution* of private property, while strictly speaking, the right of private property is a moral power possessed by a particular person or group, to dispose freely of material things within the strict limits of mine and thine, yet the property right is sometimes also taken to mean the sum total of such particular rights, or the accepted fact of their existence; and in this sense, it is the *institution* of private property.

46. Accordingly, twin rocks of shipwreck must be carefully avoided. For, as one is wrecked upon, or comes close to, what is known as "individualism" by denying or mini-

Warning Against Individualism and Collectivism mizing the social and public character of the right of property, so by rejecting or minimizing the private and individual character of this same right, one inevitably runs into "collectivism" or at least closely approaches its tenets. Unless this is kept in mind, one is swept from his course upon the shoals of that moral, juridical, and social modernism which We

Reproof to Would-be Reformers denounced in the Encyclical issued at the beginning of Our Pontificate. ⁽¹⁾ And, in particular, let those realize this who, in their desire for innovation, do not scruple to reproach the Church with infamous calumnies, as if she had allowed to creep into the teachings of her theologians a pagan concept of ownership which must be completely replaced by another that they with amazing ignorance call "Christian."

1. One can deny or minimize the social side of ownership as follows. Ownership of a thing like a factory, for instance, has two purposes or sides; one, the private income it will yield to the owner; the other, the general or common good it can effect, not only by producing goods for the public at large, but also by providing healthy employment and good wages for the workers. This latter "social" side is denied, as is evident, by those employers who hold that the factory exists only to yield personal income, and that they need take no more account of the workers than of so much machinery, which requires some money—called wages—in order to be kept at an operating level. Unquestionably, such employers have been wrecked upon "Individualism"; they even glory in being "rugged individualists." In the United States, those who glorify "free enterprise" or "private enterprise" as the supreme and only ideal of economic

(1) Encyclical, *Ubi Arcano*, December 23, 1922.

life, often give evidence of having this false individualistic view of private property.

2. As to those who *reject or minimize the individual side of ownership*, the Pope is referring here mainly to the Catholic "would-be reformers" in Austria and Germany who belonged to the "Neue Wiener Richtung." This school "minimized" the individual side of ownership by attacking the traditional concept of ownership as too individualistic and *pagan*, and they confused the social obligations of ownership with the right of ownership itself. See below 46/6 ff.

3. *Collectivism* is the general term which Pius XI uses here to cover all shades of Socialism and Communism. It is clear that any undue weakening of the private and individual side of ownership is just what the Pope says: a move towards Collectivism in some shape or form.

4. Pius X in 1907 condemned dogmatic modernism, which was in short an heretical system of disregard for the Church's teaching in all matters of faith or dogma; Pius XI in 1922 condemned *moral, juridical and social modernism*, which is a disregard of the Church's teaching in moral, social and juridical matters. His words in the Encyclical *Ubi Arcano Dei* are: "How many there are who profess to accept the Catholic teaching in matters regarding the civil authority and the duty of obeying it, regarding the rights of property, or the rights and duties of agricultural and industrial laborers, the mutual relations between States, or between employers and employed—and yet, these, by the spoken and written word and in their whole manner of life, act as if the teachings and oft-repeated precepts of the Sovereign Pontiffs, Leo XIII, Pius X, and Benedict XV, had lost all their efficacy or were completely out of date. In all this We recognize a kind of *moral, juridical, and social modernism*, and We condemn it as strongly as dogmatic modernism."

5. The practical point here is that Catholics must study and follow the Catholic teaching on private property especially as indicated in *RN* and *QA*; otherwise they will run the risk of becoming "modernists," in the eyes of the Church,—*"social modernists,"*—just as Catholics who fail to follow her teaching in dogmatic matters run the risk of becoming "dogmatic modernists." Hence a person who refers to the Pope's insistence on the fact that ownership is a natural right, as merely a matter of "Papal usage," is badly mistaken. It is not Papal usage, but Papal doctrine; and to slight it means to risk falling into *moral, juridical, and social modernism*.

6. Those with a *desire for innovation* whom the Pope rebukes here are the members of the "Neue Wiener Richtung" mentioned above, n. 45/1. They called themselves "reformers" (see the Linzer Quartalschrift, 1929, p. 687 ff.), but the force of the Pope's rebuke here is to brand them as nothing but "would-be reformers."

7. As regards the *pagan concept of ownership*, note that the thing under discussion is the *concept of ownership*, not any special definition of it, and above all not any good or bad use a man makes of his property. The *concept of ownership* always held by orthodox Catholic theologians is the one just given by Pius XI—i.e., that ownership is a natural right given to man by God for the owner's good and equally for the good of society. The *calumny* of the would-be reformers is twofold: 1) that this

is a *pagan concept*; and 2) that it has "crept into" the teaching of orthodox theologians.

8. First, they call it a *pagan concept*, because, they declare, it does not put the social side of the property right ahead of the individual side; that is, it does not make the property right to be primarily for the common good. They hold that the old *pagan* Roman law allowed an owner to be absolute, unlimited master of his property, and that in their estimation, the modern accepted Catholic concept does the same. Note that certain American Catholic writers still speak at times of a "*pagan*" concept of ownership, almost as though they shared the ideas of these would-be reformers.

9. But while there may be a Christian or pagan way of using property, the traditional *concept* itself, as Father Vermeersch says in the article already cited (Linzer Quartalschrift, 1929, p. 711) is not inspired by any particular philosophy; i.e., it is something which is neither pagan nor Christian, neither German, French, nor American, but natural, like the fundamental concepts of other natural things, such as human speech or marriage.

10. The would-be reformers thought they found this *pagan concept of ownership* embodied in the definition of it found in text books on the old Roman law: "Jus utendi et abutendi re sua quatenus juris ratio patitur"—which they translated to mean "the right of use and abuse over one's property as far as the nature of the right allows."—This, however, is what the Pope calls *amazing ignorance*; for 1) the word "abutendi" here does not mean "abuse," but "use up"; and 2) the definition itself is not to be found in the old Roman law, but dates no farther back than the sixteenth century. (See d'Angelo, Jus Digestorum, Tom. II, Vol. I., p. 24.)

11. Their contention, moreover, that *this pagan concept had crept into the teachings of theologians* was based on another mistaken notion; namely, that in the early days of the Church, there had been a definite Christian concept of ownership, which was later supplanted by this *pagan* one. But the early Church Fathers, while they vigorously attacked wrong uses of property, did not attack the accepted *concept* of their time, which was that of the old Roman law; and above all, they did not attempt to present any particularly Christian *concept* of the right of ownership. Moreover, if the would-be reformers base their idea of a Christian concept of property on the fact that the Christians in Jerusalem, according to the Acts of the Apostles 4/32, had all things in common, it is to be remarked that this common ownership was confined to the first years of the Church of Jerusalem; and was not obligatory even there. But there is no record of even voluntary common ownership at Rome or any other early Christian center.

12. The concept of ownership which the would-be reformers brought forward to replace the traditional one, and which *they with amazing ignorance called "Christian"* is one which stressed the predominance of the social aspect or the social purpose of the property right almost to the complete exclusion of the individual. Father Cathrein, for instance, in refuting one of them, cites this definition given by an opponent (Linzer Quartalschrift, 1928, p. 21): "The right to arrange and manage things

in socially beneficial use.” And Father Vermeersch gives the following as typical (Linzer Quartalschrift, 1929, p. 714, and Periodica, XX, p. 217): “The right to dispose of a temporal thing under the nullifying condition that it be used for socially useful purposes.” Note the characteristic feature of these condemned definitions: insistence on the idea that the existence of a property right is primarily conditioned upon the services it renders to society.

13. Practically, the errors of the would-be reformers in this matter can be avoided if one keeps clear the distinction between the goods of the earth and the right of ownership. The goods of the earth exist primarily for the good of all men; but the right of ownership is a different thing from the goods of the earth. It is the means by which the goods of the earth serve the needs of all men; and at the same time it is equally a means by which individual owners support themselves and their families. Another thing which must be kept in mind throughout this section on private property is the Pope’s insistence that the concept of the right must not be confused with the idea of the good or bad use of property. That is, just as an essential definition of knives or guns does not contain a warning against using them for murder, nor does an essential definition of the faculty of human speech contain a warning against blasphemy, so an essential definition of private property does not include a warning or prohibition against selfishness or uncharitable dealings.

14. Father Virgil Michel O.S.B. (d. 1938), was one of the leaders in Catholic social thought in the United States, but the definition of the right of ownership which he gives in his *Christian Social Reconstruction*, p. 15, is not in line with the Encyclical here: “The Christian would then define the right of ownership as the right to have, use, and dispose of things in accordance with the moral law.” For 1) the various definitions of ownership given by theologians through the centuries, which embody the traditional Catholic concept, never introduce the term “moral law”; and 2) the inclusion of the term “moral law” seems to imply that property ceases to belong to an owner if he seeks to use it in violation of the moral law; which is surely false,—see below n. 47/13.

Section 2. Obligations Inherent in Ownership

47. *In order to place definite limits on the controversies that have arisen over ownership and its inherent duties there must first be laid down as a foundation a principle established by Leo XIII: The right of property is distinct from its use.⁽¹⁾ That justice called commutative commands sacred respect for the division of possessions and forbids invasion of others’ rights through the exceeding of the limits of one’s own property; but the duty of owners to use their property only in a right way does not come under this type of justice, but under other*
- | | |
|---------------------------------------|--|
| <p>Principle
Stated</p> | |
| <p>Principle
Explained</p> | |

(1) Encyclical On the Condition of Workers, n. 35.

virtues, obligations of which "cannot be enforced by legal action."⁽²⁾ Therefore, they are in error who assert that ownership and its right use are limited by the same boundaries; and it is much farther still from the truth to hold that a right to property is destroyed or lost by reason of abuse or non-use.

**Conclusions
Drawn**

1. The controversies which the Pope is settling here are closely connected with those above; they were carried on by the same men, and can be traced in the Linzer Quartalschrift along with the others (see specially 1929, p. 255 ff., and 1930, p. 525 ff., esp. p. 531 ff.). The controversies come down to this: is an owner's right to his property limited by the right which all men have to the goods of the earth? The American pamphlet referred to above (n. 45/3) also treats of this matter, and holds very strongly that the common right of all men to the goods of the earth limits the property rights of particular owners.

2. The Pope's settlement of the controversy amounts to this. The property right, he says, is one thing; its use is another. So, too, the limits on the property right are one thing; the limits on its use are another. The limits on the property right are those of commutative justice, i.e., bills to be paid, contracts to be fulfilled. The limits on its use are those of other virtues, i.e., needs of other people to be relieved, the common good to be promoted. To the precise question, then: is the owner's right to his property limited by the right which all men have to the goods of the earth? his answer is No; what is limited by this common right of all men is not the owner's right to his property, but his use of that right.

3. The reason for this position is because the owner's right is an acquired right over some of the goods of the earth, whereas the common right of all men is only a right to acquire the goods of the earth; and an acquired right can be limited only by another acquired right or by lawful public authority.

4. The statement of the would-be reformers, moreover, that the common right of all men prevails over the particular right of one man, loses its force if analyzed carefully. In an actual case of conflict between the right to acquire and an acquired right, the conflict will be between two particular individuals, or at most between a particular individual with his acquired right to property, and the definite public authorities of the State with their acquired right to rule and govern. In the former case, the acquired right of one individual surely prevails over the right to acquire of another individual; otherwise every ordinary needy person, even a beggar or a tramp, would have a better right to my property than I have myself; which would be more Communistic than even the Communists desire. In the latter case, the acquired right of a particular individual to property yields to the acquired right of a particular public authority to rule and govern; which is again no proof that the "common" right of all men to the goods of the earth prevails over the "particular" right of one man.

5. Limitations on the property right itself as an acquired right can best be understood by considering the sources from which they arise.

(2) Encyclical On the Condition of Workers, n. 36.

First, the natural law limits some of a man's property; if a poor man in dire distress; i.e., in actual danger of death, needs that much to relieve his dire distress or to save his life, in that case the dire distress itself gives the poor man an acquired right. Secondly, a contract between men limits property rights; for instance, a man buys a suit of clothes for thirty dollars; the bill for the suit is a limit on his property; so, too, a mortgage is a limit on a piece of property; also, the beneficiary of a trust fund or of a legacy is limited by the terms of the trust or the legacy. Thirdly, civil law may limit property rights; for instance, the law gives certain classes of shopkeepers the ownership of "goods left over thirty days"; laws governing corporations may limit the amount of stock an individual may own in a corporation.

6. Limits on the use of ownership, however, are the requirements of either charity—e.g., that an owner give out of his abundance to the poor even in their ordinary needs; or of social justice, e.g., that an owner use his property if possible to benefit the community, rather than just for his own private benefit. In short, the limits on the use of property are the needs that other people have of his help.

7. It is practical and important to keep these limits distinct; because if they are not distinct, then the claims of a man's creditors in justice are on a par with those of the poor in charity; the tramp at the back door has just as good a right as the bill collector at the front door to get his money. Such a conclusion is clearly false.

8. *Commutative justice* is the virtue which requires people to pay their just debts, and in general to observe the strict limits of mine and thine.

9. The main *other virtues* referred to are charity, generosity, liberality, and social justice; in short, any virtue covering the use of property which cannot be enforced in courts of law by *legal action*.

10. Ordinarily, these virtues are not enforceable in courts of law; but they can be made so, if and when the obligations of charity and similar virtues are enacted into civil law, e.g., when laws are passed requiring property owners not to use their property for immoral or unhealthful purposes. In that case, however, these obligations somehow enter the realm of "mine and thine," for then they can be enforced by legal action in court. It should be emphasized that the Pope is speaking here only of those obligations of charity and the other virtues which have not been enacted into civil law; in the next section, on "what the State can do," he speaks of them as enacted into civil law.

11. Since these virtues and obligations of charity and similar virtues are not enforceable in civil court, it does not follow that a property owner is left free either to practice or to disregard them. The divine law binds him to practice them and makes him answerable to the eternal Judge if he fails. Probably more people go to hell for violating *other virtues* than for violating *commutative justice*.

12. Practically, then, to follow the line indicated by the Pope as the true one regarding limits on ownership and limits on its use, one must not speak generally of ownership as being limited, without distinguishing between the limits on ownership and the limits of its use; and any state-

ment which fails so to distinguish, goes contrary to the Encyclical, which insists on this distinction in the very first place.

13. Hence an owner who is using his own property for a foolish or a selfish purpose, e.g., lighting a cigar with a ten-dollar bill instead of giving it to the community chest, is not failing against any acquired rights of any individual. He is not sinning against commutative justice; but he is surely sinning against charity.

14. *It is farther still from the truth to hold that a right to property is destroyed or lost by reason of abuse or non-use . . .* This contention of the would-be reformers is still to be found at times in the writings even of Catholics. For instance, in the book "The Iniquitous Contract," published some years after *QA*, there occurs on page 43 the following statement: ". . . if you are too lazy, too incompetent, or too cautious (to use your money and property for the building of houses and procuring of food) you forfeit your title to them; for ownership is a trust and by your own showing you have proved yourself unfit for it." The book received considerable notice in the Catholic press, but no reference whatever was made to the fact that this statement of the author stands at complete variance with the teaching of *QA*. The reason why the property right is not lost by abuse or non-use is given by Father Vermeersch in the *Linzer Quartalschrift*, 1929, p. 704-5. He shows that ownership is a power which a person acquires, similar to the powers of the priesthood or the rights of married people; and just as the rights of the priesthood or of marriage are not lost by abuse or non-use, so neither are the rights of property.

48. *Those, therefore, are doing a work that is truly salutary and worthy of all praise who, while preserving harmony among themselves and the integrity of the traditional teaching of the Church, seek to define the inner nature of these duties and their limits whereby either the right of property itself or its use, that is, the exercise of ownership, is circumscribed by the necessities of social living. On the other hand, those who seek to restrict the individual character of ownership to such a degree that in fact they destroy it are mistaken and in error.*

Section 3. What the State Can Do

49. *It follows from what We have termed the individual and at the same time social character of ownership, that men must con-*

What It Can Do

sider in this matter not only their own advantage but also the common good. To define these duties in detail when necessity requires and the natural law has not done so, is the function of those in charge of the State. Therefore, public authority, under the guiding light always of the natural and divine law, can determine more accurately upon consideration of the true requirements of the common good, what is permitted and what is not permitted to owners in the use of their property. Moreover, Leo XIII

wisely taught "that God has left the limits of private possessions to be fixed by the industry of men and institutions of peoples."⁽¹⁾ That history proves ownership, like other elements of social life, to be not absolutely unchanging, We once declared as follows: "What divers forms has property had, from that primitive form among rude and savage peoples, which may be observed in some places even in our time, to the form of possession in the patriarchal age; and so further to the various forms under tyranny (We are using the word tyranny in its classical sense); and then through the feudal and monarchical forms down to the various types which are to be found in more recent times."⁽²⁾ That the State is not permitted to discharge its duty arbitrarily is, however, clear. The natural right

**What It
Cannot Do**

itself both of owning goods privately and of passing them on by inheritance ought always to remain intact and inviolate, since this indeed is a right that the State cannot take away: "For man is older than the State,"⁽³⁾ and also "domestic living together is prior both in thought and in fact to uniting into a polity."⁽⁴⁾ Wherefore the wise Pontiff declared that it is grossly unjust for a State to exhaust private wealth through the weight of imposts and taxes. "For since the right of possessing goods privately has been conferred not by man's law, but by nature, public authority cannot abolish it, but can only control its exercise and bring it into conformity with the common weal."⁽⁵⁾ Yet when the State brings private ownership into harmony with the needs of the common good, it does

**Advantages of
This Power**

not commit a hostile act against private owners but rather does them a friendly service; for it thereby effectively prevents the private possession of goods, which the Author of nature in His most wise providence ordained for the support of human life, from causing intolerable evils and thus rushing to its own destruction; it does not destroy private possessions, but safeguards them; and it does not weaken private property rights, but strengthens them.

1. The main controversies and calumnies here were occasioned by a passage in RN n. 7(14): "He (God) assigned no part to anyone in ownership, leaving the limits of private possessions to be fixed by the industry of men and the institutions of peoples"; and by some words of Pius XI himself (see Linzer Quartalschrift 1929, p. 713, note 2) in a public address in 1926: "How many varied forms has not property taken!" Some claimed that by these declarations the Popes taught that private property was based more on civil law than on the natural law; it was also alleged that St. Thomas taught the same in his Summa, 2, 2. q. 66, art. 2, ad 1:

(1) Encyclical On the Condition of Workers, n. 14.

(2) Allocation to the Convention of Italian Catholic Action, May 16, 1926.

(3) Encyclical On the Condition of Workers, n. 13.

(4) Encyclical On the Condition of Workers, n. 20.

(5) Encyclical On the Condition of Workers, n. 67.

"Private property is... superadded to the natural law by the invention of human reason."

2. In the introduction the Pope says in effect that since private property is designed by nature to promote the common good, and since the State has charge of the common good, it is the function of the State to *define in detail* just how property and property owners are to promote the common good.

3. Note that the State is not merely to *define in detail* the obligations of commutative justice,—matters of buying and selling and other contracts; the Pope's doctrine, as will be seen, is that the State is to define, (i.e., lay down the conditions which regulate), not only the obligations of commutative justice, but also those of the *other virtues* referred to above. For although in themselves, the obligations of charity are not enforceable in court, still the State has the power and the function to make them enforceable *when necessity requires* and the natural law does not cover given cases. For instance, the natural law, in its prescriptions for social justice demands that a property owner refrain from putting up an unsafe structure on his property. But if the property owner is so oblivious of his natural obligations that the natural law does not cover the case, then *necessity requires* that the State step in and define his obligation, and make it enforceable in civil court.

4. Note the two things the Pope says the State can do about private property. First, it can regulate the use of property; i.e., enact the obligations of charity, benevolence, social justice, into law,—which is what is meant by the phrase: *determine what is permitted and what is not permitted to owners in the use of their property*. Secondly, it can regulate, define, determine to some extent the property right itself;—i.e., *fix the limits of private possessions*.

5. In the phrase: *under the guiding light always of the natural and divine law*, note three things. First, the State has no right to enforce laws against the natural and divine law, such as, for instance, laws forbidding people to use their property for building churches. Secondly, the word "divine" here seems to be a renewal of Papal protests, in *RN* n. 39(73), against such laws, which have actually been passed in France, Mexico, etc. (Note that Catholics own Church property in virtue of the natural law, and also in virtue of Christ's divine positive law.) The third thing is that if a man is in extreme or dire need of food, clothing, or other necessities—i.e., he will starve or freeze to death without them, the natural law permits him to take what he needs from another's property, or take the money to buy them. In this case, he is not stealing, for the owner's rights and civil laws must yield to a man's extreme need; the extreme need itself gives him an acquired right to whatever he lays his hands on to save his life.

6. Some cases of the State's determining *what is permitted and what is not permitted to owners in the use of their property* are the following: 1) The matter of building; *true requirements of the common good* demand that the State or the city make certain restrictions for common safety and decency as to the kind of buildings that owners may erect upon their property. The so-called "zoning ordinances," are examples, restricting certain districts of the city to certain kinds of buildings. 2) The matter of "land

cultivation"; there is a *true requirement* or need, at least in certain countries, that owners be required to put arable lands they own into cultivation, instead of keeping them as private parks. 3) The matter of the banking business; there surely is a true need that government safeguard the people's savings by regulating banking practices, as is done, for instance, by requiring banks to keep certain reserve funds. 4) The matter of monopolies and holding companies; again, a true need demands that the State prevent a few rich men from using their power and wealth to exploit the people by activities like "cornering the market"; (in the United States, the 1935 "Holding Company Act" seems to be an instance of the rightful use of this power of the State). 5) The so-called "right of eminent domain," in virtue of which the State can order an owner to yield up his property—either to the State itself, or to some other person, e.g., to a railroad which needs the property for a right of way,—always on condition that just compensation be made to the owner. 6) Money matters, as expressed in the United States Constitution: "The Congress shall have power . . . to coin money, regulate the value thereof, and of foreign coin," or as exercised by the government in the actual banking laws, such as the work of government bank examiners, the Securities and Exchange Act; or in the 1933 prohibition to export gold from the United States.

7. *Industry of men* covers things like 1) human contracts, such as buying and selling, lending and borrowing; 2) legacies and wills; 3) trust funds; all of which establish the specific limits between owners and non-owners, and even put certain limitations on owners themselves. *Institutions of peoples* means not only the laws of the land, but also national traditions and customs which restrict or extend ownership in a given country, as in the cases enumerated in the following paragraphs.

8. The *institutions of peoples*, or in particular, civil laws, can extend or restrict private property, even though this right is a natural right, because private property is one of the *elements of social life*, like human speech, for example. Human speech, fundamentally, is a natural power; but the French, German, English and other languages in particular are the result of *man's own industry and the institutions of peoples*. It is the same with private property; fundamentally, it is a natural right, but the form it takes in particular in various ages, in various countries, or even in the various States of the United States, is the result of *the industry of men and institutions of peoples*. Note that the quotation from St. Thomas given above (49/1) also squares with this explanation: "Private property is superadded to the natural law by the invention of human reason"; i.e., private property in the *divers forms* it takes in a particular age or country is determined by "human reason" or *the industry of men and institutions of peoples*.

9. *What divers forms has property had . . .* Under the *primitive*, land was, or is, owned in common by the tribe, and only hunting and fishing implements, and domestic utensils, were owned as private property by the individuals. Then under the *patriarchal*, the chief or patriarch owned all the land as his private property, and gave it to his subjects on condition that they pay him rent or tribute. Under the tyrannical (in its *classical* sense, the word "tyrant" means an absolute ruler of ancient times, but not necessarily a cruel ruler) private individuals could own almost anything,

even human beings or slaves, as their private property. Under the *feudal*, the main feature was the changed condition of the slaves; instead of being owned as private property, the poorer classes had become serfs, and while they were bound to the soil, i.e., they could never be anything but servants of the man who owned the land on which they lived, still they had various claims and rights obliging their masters to protect and help them. Under the *monarchical*, the serfs more or less lost their claims against their masters; the masters became landlords, and the serfs became tenants. Under the *more recent*, i.e., the capitalistic, while in theory all men are perfectly equal, and therefore able to acquire an equal amount of property, in practice we see that "a very few rich and exceedingly rich men have laid a yoke almost of slavery on the unnumbered masses of non-owning workers," *RN* n. 2(6).

10. The most familiar instance in the United States of the State's use of this power to fix the limits of private possessions is that effected by the Emancipation Proclamation of President Lincoln; before January 1, 1863, human beings could be owned as private property or slaves in the United States; after that date, they could not be so owned; i.e., the institution of private property became more restricted than it had been. So, too, laws establishing "squatters' rights,"—determining that if a person lives unmolested on a piece of land for a certain period, he becomes the owner—are laws which change the limits of property rights and may take from one and give to another. Laws determining when goods cease to belong to the seller and begin to belong to the buyer (in the case of goods shipped from seller to buyer) are another instance. New corporation laws in the American States sometimes involve a change in the institution of private property; i.e., in the greater or less restrictions of the power of stockholders; also changes in patent or copyright laws, and laws establishing a legal rate of interest. Finally, taxes, by which the government takes the property of some citizens and assigns it directly or indirectly to others, is an exercise of this right.

11. Two statements in the "Bishops' Program of Social Reconstruction" (1919—reissued 1939) that are especially pertinent here are the following. First, under the heading "Social Insurance," the statement: "The State should make comprehensive provision for insurance against illness, invalidity, unemployment, and old age," i.e., the State should order people to use their money in paying taxes for insurance even for others. (Note that this demand is met to a considerable extent in the U.S. Social Security Act.) The Bishops add, however: "All forms of State insurance should be regarded as merely a lesser evil, and should be so organized and administered as to hasten the coming of the normal conditions" (i.e., in which "the workers themselves would have the income and the responsibility for all the needs and contingencies of life both present and future"). The second reference is under the heading "Abolition and Control of Monopolies," as follows: "For the third evil mentioned above, excessive gains by a small minority of privileged capitalists, the main remedies are prevention of monopolistic control of industries, adequate government regulation of such public service monopolies as will remain under private operation, and heavy taxation of income, excess profits and inheritance." And in the Bishops' 1940 statement on "The Church and Social Order," there

is this pronouncement, n. 22: "The two great dangers which society faces in the present state of economic organization are first: the concentration of ownership and control of wealth, and secondly, its anonymous character which results from some of the existing business and corporation law, whereby responsibility toward society is greatly impaired if not completely ignored. The civil authority, in view of these dangers, must so regulate the responsibility of property that the burden of providing for the common good be equitably distributed."

12. On the negative side, after stating in general that the State cannot act in an arbitrary manner, Pius XI does three things. First, he shows, by a quotation from *RN* n. 7(13), that it cannot do away with the essential institution of private property (any more than it can do away with the essential institution of human speech). Secondly, he shows, by a reference to *RN* n. 10(20), that it cannot do away with the essential institution of transmission by inheritance (any more that it can do away with the essential institution of the human family). And thirdly, he shows, by a reference to *RN* n. 35(67), that it cannot confiscate all a man's property by taxation (which would amount to *abolishing* the institution of private property). Note here that while Leo XIII had declared the right to own property to be a *natural* right, Pius XI adds that the right to transmit it by inheritance is also a natural right.

13. The *intolerable evils* are precisely the evils connected with modern "economic dictatorship," of which *QA* speaks further on, n. 105 ff., especially n. 109, and which the State should prevent by bringing *private ownership into harmony with the needs of the common good*.

Section 4. Obligations with Respect to Superfluous Income

50. *Furthermore, a person's superfluous income, that is, income which he does not need to sustain life fittingly and with dignity, is not left wholly to his own free determination.*

Obligations *Rather the Sacred Scriptures and the Fathers*
in General *of the Church constantly declare in the most explicit language that the rich are bound by a very grave precept to practice almsgiving, beneficence, and munificence.*

1. The main figures in this controversy seem to have been Father Horvath, O.P., on the one side and Fathers Cathrein, S.J., and Vermeersch, S.J., on the other (see the Linzer Quartalschrift, 1929, p. 674 sqq., especially p. 682 sqq., and p. 701 sqq.) Father Horvath claimed that the rich had an obligation to give all their superfluous goods to the poor; and that their obligation was the same as that of a man who had to restore something he had borrowed, or who had to pay a debt. In proof he cited the words of St. Thomas in the Summa (II, II, q. 66, art. 2): "Possession should be private, but use, common." Fathers Cathrein and Vermeersch held that it was not the doctrine of St. Thomas nor of Leo XIII that the rich had to give all their superfluous goods to the needy, citing the Summa II, II,

q. 32, art. 5, and RN n. 18(36):—that the rich should give to the needy “out of” that which was over. They also denied that the obligation of almsgiving was the same as that of restoring something borrowed, or paying a debt: see above n. 47/7. They also denied Father Horvath’s interpretation of St. Thomas’ words: “Possession should be private, but use, common”; see above n. 45/10.

2. The Pope settles this controversy by upholding the position of Fathers Cathrein and Vermeersch. He says superfluous income is *not left wholly to a man’s free determination*; indicating that the rich are not bound to give away all their superfluous goods. He adds that the obligation is one of *almsgiving, beneficence, and munificence*; indicating that it is not one of paying a debt, or restoring someone else’s property. He states that this is what Holy Scripture and the Fathers *constantly declare*, indicating that it is also the doctrine of St. Thomas.

3. But the Pope does more than merely settle this controversy. He also declares that what a rich man needs *to sustain life fittingly and with dignity* is not considered superfluous, even though it be over and above what is necessary merely to support life, or what poorer people need. Nevertheless, he adds, the obligation a rich man has to give to the needy out of his superfluous goods is *very grave*, i.e., binding under pain of mortal sin. Finally he states that the investment of money in useful productive enterprises that will give employment to the poor is one way of fulfilling this obligation particularly suited to the needs of the time, i.e., especially in 1931, when unemployment was the curse of the world. Note that the Pope here evidently includes in *superfluous income* everything above personal and family needs. Thus he includes also whatever a rich man has for investment in business enterprises.

4. What is actually superfluous on this basis can be determined with at least a fair degree of accuracy in either of two practical ways. First, draw up a list of what a rich person needs to live well; that is, the best of food, clothing, housing, medical care, recreation, with something for religion and charity, insurance, and a reasonable amount of personal savings for the rainy day; then figure the cost of these things; add something, perhaps, for what is needed *to sustain life fittingly and with dignity*; and what is above and over this total will be superfluous. Or, the second way: draw up a list (if such can be found) of what the average rich person actually spends for the needs above enumerated; and that part of his income over and above these actual expenses will be superfluous.

5. There are, however, actual figures available that can be used in making these calculations. As to the things needed, the 1941 Handbook of Labor Statistics of the U.S. Department of Labor summarizes various investigations and estimates that had been made in the previous years to fix the items needed by a middle class American family of four persons in order to live according to “the American standard of living,” and the cost of these items. The general conclusion reached is that it would cost about \$2,000 a year in 1941. The Reader’s Digest for May, 1940, however, carried a very interesting article, “A Goal for the American Family,” which itemized and gives the cost of a similar list of needs for a middle American family of four persons, and arrives at the figure of \$3,200 as necessary annual income. The needs of the rich on this basis could be computed

by a generous allowance to cost \$10,000 to \$15,000 a year.—On the other hand, the Report of the National Resources Committee, "Consumer Expenditures in the United States," also summarized in the 1941 Handbook of Labor Statistics, shows that even families with incomes of \$45,000 a year actually did not on an average spend much more than \$15,000 of this on personal needs, exclusive of insurance and personal savings. The conclusion seems clear that allowing something for reasonable savings and insurance, the cost of personal needs for a rich family of four persons in the United States in the years 1935-41 was about \$20,000; and everything above that figure should be regarded as *superfluous income* in the Pope's sense of the term. Of course, a less wealthy family, one with less expensive social obligations, could be considered to have *superfluous income* before the figure of \$20,000 was reached.

6. *Almsgiving* seeks to supply the bare necessities of life; *beneficence* seeks to do good to others in any way. This is the doctrine of St. Thomas Aquinas in his *Summa*, II, II, q. 31 and q. 32.

7. In Sacred Scripture, Our Lord teaches *almsgiving* by His command (St. Luke, 11/41): "Give that which remains as alms," and by his description of the last Judgment, in St. Matthew, chapter 25, where sentence is passed on the good and bad according to their works of charity or almsgiving. He teaches *beneficence* especially by His commands to His disciples, "do good to those who hate you," (St. Matthew, 5/44), etc. Very striking quotations from the teaching of the *Fathers of the Church* are given in Msgr. John A. Ryan's book: "Alleged Socialism of the Church Fathers."

51. *Expending larger incomes so that opportunity for gainful work may be abundant, provided, however, that this work is applied to producing really useful goods, ought to be considered, as We deduce from the principles of the Angelic Doctor,⁽¹⁾ an outstanding exemplification of the virtue of munificence and one particularly suited to the needs of the times.*

**Munificence
in Particular**

1. St. Thomas Aquinas, *the Angelic Doctor*, in his *Summa Theologica*, (II, II, q. 134), lays down the principles that *munificence* is a virtue for the wealthy, by which they spend large sums of money whenever a great and good cause demands it: and surely the providing of gainful labor for the unemployed is a laudable purpose for which to invest excess profits. And note that the average rich person does not have to give away completely his superfluous wealth in order to fulfill his obligations to the needy. He can do so by investing it in productive stocks or bonds. And he would fail against his obligations if he simply hoarded all his wealth in a safety deposit vault or box.

2. As the Pope treats these various obligations here, they are not binding under civil law; but the State surely has the power to make them so; see above n. 47/10 and n. 49/3-4 and 10. Father Vermeersch even says that the State has the same right to the superfluous goods of a wealthy

(1) cf. St. Thomas *Summa Theologica* II, II, q. 134.

citizen that a starving man has to any of his goods that will keep him from starving.

Section 5. Titles of Acquiring Ownership

52. *That ownership is originally acquired both by occupancy of a thing not owned by any one and by labor, or, as is said, by specification, the tradition of all ages as well as the teaching of Our Predecessor Leo clearly testifies. For, whatever some idly say to the contrary, no injury is done to any person when a thing is occupied that is available to all but belongs to no one; however, only the labor which a man performs in his own name and by virtue of which a new form or increase has been given to a thing grants him title to these fruits.*

1. As is evident from the text, the controversies here deal mainly with two of the doctrines of the would-be reformers (see Linzer Quartaalschrift 1927, p. 715 ff., and 1929, p. 708 ff.) First, that occupancy is not a just title to property unless accompanied by labor, (although this is an open contradiction of *RN* n. 8(16), where Leo XIII refuted it as taught in his day mainly by the American, Henry George). And secondly, that labor is the only just title to property, to the exclusion of capital. This second point is handled more fully in the next section on Capital and Labor.

2. A title of acquiring ownership in general is an action placed by a man by which, in virtue of natural and civil law, he comes into possession of a piece of property, e.g., buying land or catching fish. An "original" title, such as *occupancy*, is one by which he comes into possession of something that had belonged to no one; the opposite of an "original" title is a "derived" title, by which one acquires possession of something from a former owner, e.g., by buying, inheriting or receiving an object as a gift.

3. *Occupancy* means taking an ownerless object with the intention of making it one's own. Familiar instances are those of fishing and hunting, by which fish and wild animals are "occupied" or acquired; or "staking a claim," by which ownerless land is acquired.

4. In speaking of *labor or specification*, Pius XI is correcting the false view of the would-be reformers that labor always and under all circumstances constitutes a title to ownership, i.e., always gives the laborer ownership of his product. This view was partially based on a misunderstanding of certain passages of *RN*, especially in n. 8(16): "As effects follow the cause producing them, so it is just that the fruit of labor belongs precisely to those who have performed the labor."

5. Two things are noteworthy in the Pope's doctrine on this point. First, he says that labor (or specification) to be an original title, must be exercised by a man *in his own name*; which is perfectly sound, for otherwise the ditchdigger would own the ditch, and the bone-setter would own the bone. Secondly, he says that labor, to be an original title, must not

only be exercised by a man *in his own name*, but also add a *new form* of being, or a new value to the object; which is also perfectly true, for otherwise the quarry worker who cuts out a block of marble from another's quarry would have a title to it in virtue of his labor, just the same as the sculptor and owner who forms it into a new statue, would have a title in virtue of his labor of adding a new form of being, or a new increase to the thing.

6. On the basis of the Pope's doctrine throughout this section, a general definition can be given as follows: Ownership is a natural right (see 45/5 ff.) to dispose freely of material things for the benefit of oneself or family and for the common good (45/1-3), within the limits determined (in accordance with the natural and divine law) (49/5), by civil law (47/5, 49/10) and one's titles of acquisition (49/5, 52/3-4).

7. Father Cathrein in his excellent article on Property in the Catholic Encyclopedia gives three meanings which the term "private property" may have: 1) the general institution of private property,—i.e., the fact of the general existence in some form or other of private property rights; 2) the right to acquire property; and 3) the acquired right over property which one has made one's own. This volume of the Catholic Encyclopedia came out in 1911; and note that here in *QA* Pius XI adds a fourth meaning (n. 49), namely, that "private property" can mean not only the general institution, as in Father Cathrein's first definition, but also the institution as practically existent, with all its particular limitations and applications, in a certain definite age or country, i.e., it can mean either the institution of private property as something common to primitive, patriarchal, tyrannical, feudal, monarchical, and modern times; or it can mean the institution of private property with its distinctive features and limitations under one of these particular regimes.

Further Readings on Ownership

On *The Church's doctrine on ownership*, see Belloc, *The Catholic Church and the Principle of Private Property* (a Catholic Truth Society pamphlet that develops the Pope's idea with great fidelity). C.E., article "Property" (by Victor Cathrein, S.J., another excellent statement of the Church's position): Cronin, *Primer of the Principles of Social Science* (Gill, Dublin) Part II; *Social Concepts and Problems* (a compilation of articles published at St. John's Abbey, Collegeville, Minnesota) Chap. IX.

On the *would-be reformers* see Somerville, *Catholic Social Movement*, Chap. VI.

On *Obligation inherent in ownership*, see Nell-Breuning, o.c., p. 101 ff., *Social Concepts and Problems*, Chap. X.

On *What the State can do* see Haas, *Man and Society*, p. 309 ff. Cahill, o.c., p. 506 ff; Ryan, *Distributive Justice*, Chap. XX.

On *Obligations with respect to superfluous income*, see Ryan, o.c., Chap. XXI; and *Social Doctrine in Action* (on maximum income) Chap. VII (Harper's); Cronin, *Primer*, etc., p. 40-1.

On *Titles of acquiring ownership*, see Ryan, o.c., p. 22. ff.

Chapter Two

Property ("Capital") and Labor

Section 1. Capital Cannot Do Without Labor,
Nor Labor Without Capital

53. *Far different is the nature of work that is hired out to others and expended on the property of others. To this indeed especially applies what Leo XIII says is "incontestable," namely, that "the wealth of nations originates from no other source than from the labor of workers."*⁽¹⁾ For is it not plain that the enormous volume of goods that makes up human wealth

**No Wealth
Without Labor**

is produced by and issues from the hands of the workers that either toil unaided or have their efficiency marvelously increased by being equipped with tools or machines? Every one knows, too, that no nation has ever risen out of want and poverty to a better and nobler condition save by the enormous and combined toil of all the people, both those who manage work and those who carry out directions. But it is no less evident that, had not God the Creator of all things,

**Labor Needs
Natural
Resources**

in keeping with His goodness, first generously bestowed natural riches and resources—the wealth and forces of nature—, such supreme efforts would have been idle and vain, indeed could never even have begun. For what else is work but to use or exercise the energies of mind and body on or through these very things? And in the application of natural re-

**Natural
Resources
Need Owners**

sources to human use the law of nature, or rather God's will promulgated by it, demands that right order be observed. This order consists in this; that each thing have its proper owner. Hence it follows that unless a man is

expending labor on his own property, the labor of one person and the property of another must be associated, for neither can produce anything without the other. Leo XIII certainly

**Neither Can
Produce Anything
Without the Other**

had this in mind when he wrote; "Neither capital can do without labor, nor labor without capital."⁽²⁾ Wherefore it is wholly false to ascribe to property alone or to labor alone

*whatever has been obtained through the combined effort of both, and it is wholly unjust for either, denying the efficacy of the other, to arrogate to itself what-
ever has been produced.*

Conclusions

(1) Encyclical, *On the Condition of Workers*, n. 51.

(2) Encyclical, *On the Condition of Workers*, n. 28.

1. The controversies falling within the above conclusion were as follows. In 1927, Dr. Karl Lugmayer, central figure of the "Neue Wiener Richtung," published a book, "Outlines of the New Society," which, according to Father Biederlack, S.J., in the Linzer Quartalschrift (1927, p. 715 ff.) laid down these three principles as the fundamentals of the new society (p. 717 l.c.): 1) The proper way, the way ordained by the natural law, of acquiring temporal goods is human labor. 2) Every worker has a natural right to the entire fruit of his labor. 3) The claim to interest for a money loan is justifiable only when the repayment of the loan is at least somewhat uncertain, or when the lender suffers a loss by lending. Father Biederlack attacks these fundamentals as contrary to accepted Catholic teaching.—In 1929, however, Father Alexander Horvath, O.P., published another book in the same vein as Dr. Lugmayer's entitled "The Property Right According to St. Thomas Aquinas." In this book, again according to Father Biederlack (Linzer, 1930, p. 524 and 690), besides misapplying the doctrine of St. Thomas on property, the author makes the definite statement (p. 690 l.c.) that labor must be "regarded as the one and only source of ownership, according to the natural law." Father Biederlack attacks this position also as contrary to the teaching of Leo XIII and the Church generally, even though *RN* did say,—*RN* n. 7(15)—as alleged by Lugmayer, that when a man has worked on something, then "on it he has left impressed, as it were, a kind of image of his person, so that it must be altogether just that he should possess that part as his very own, and that no one in any way should be permitted to violate his right." Father Vermeersch (Linzer, 1929, p. 705 ff.) lines up and refutes the principles of the would-be reformers here as follows: 1) unfruitfulness of capital; 2) abolition of interest for money loans; 3) labor as the only just way of acquiring property.

2. The Pope's settlement of this controversy may be summarized as follows. Capital and labor are both necessary for production, therefore both are entitled to a share in the product; it is false and unjust to deny labor its share, or capital its share (n. 53). Capital, then, cannot justly keep all the income and profits of business (n. 54); nor can labor justly claim all of them (n. 55). Instead, the income and profits are to be distributed on the guiding principle of the common good or of what will best serve the general welfare (n. 56-7). At this point by way of parenthesis the Pope draws attention to a particular text of St. Paul which had been wrongly applied, and gives the true interpretation of the text (n. 57). Finally, he plainly indicates that the guiding principle of the common good, if followed in the distribution of the income of business, must mean that labor will get a larger share of the income and profits of capitalistic business than has hitherto fallen to its share (n. 58).

3. The heading of this Section: "*Property (capital) and labor*" is a literal translation of the Latin: "*Res (capitale) et opera*." There is no word in classical Latin for our modern concept of *capital*; so the Pope simply takes the word "*res*" (meaning "thing") which has a multitude of meanings, and gives it a new one: that of *capital*. To show that he is doing so, he coins a new Latin word "*capitale*," which he puts alongside the classical "*res*" in brackets and quotation marks. He thereby also corrects the false notion that capital has a dignity equal to that of labor. *Capital*

is a material thing, whereas *labor* is the energy of a human being created to the image and likeness of God.

4. Note that by *labor* or work Pius XI means here not only manual labor, but the expenditure of *energies of mind and body*. As regards *capital*, it is evident from the controversies he is settling, and from his own language, that he uses it as a general term to cover any other element necessary to the production of wealth besides labor; practically, then, he takes capital as meaning any one, or all, of three things: first, *business* stocks or shares, by which a person invests his money in a business, and thereby becomes a partner in the business, sharing in its gains and losses; secondly, bonds, by which a person lends money to a business without becoming a partner; and thirdly, land, or natural resources,—such things as land, fields, mines, or wells,—which a person entrusts to a business for development or the production of new wealth.—Since 1931 in the United States it has become common to speak not so much of the combination “capital and labor” as of “management and labor.” But here “management” seems something different from what the Pope is discussing; it means the hired executives who manage the business for “capital,” and have charge of labor relations, wages, hours, and conditions of labor.

5. Note here that Leo XIII in mentioning *the wealth of nations* is evidently drawing upon the terminology of the Scotch economist, Adam Smith (d. 1790), author of the book *Inquiry into the Nature and Causes of the Wealth of Nations*, and one of the outstanding champions of economic Liberalism. Note also that the quotation from *RN* given in the text had been misunderstood by the would-be reformers, who had cited it as showing that the Pope considered labor the only true factor in production, and that therefore labor constituted the only title to ownership of the product. Pius XI safeguards this passage of *RN* against these false interpretations by appealing to common sense, to history, and then to Leo XIII himself, *RN* n. 15(28): “Capital cannot do without labor, nor labor without capital.”

6. *Wealth.... natural resources.... capital....* Economic writers do not always give the same definitions of these things: Pius XI himself does not give a scientific definition of them, but from the above passages, and others in *QA*, an idea can be formed of what he means by them. 1) By *wealth* or *riches*, he means not merely a superabundance of this world's goods (which is the popular meaning of the term), but the sum-total of everything capable of satisfying the material wants of men, and produced by labor. 2) By *natural resources*, he means such things as land, soil, mines, oil deposits. And 3) by *capital*, he means anything, whether wealth, i.e., the product of former labor,—or *natural resources*,—i.e., things given directly by God—which has its proper owner and is devoted directly to the production of new wealth,—as also the stocks and bonds which represent these things.

7. *Natural resources* must be divided among private owners because, as Pius XI said above in the section on private property, n. 45, natural resources, or the goods of the earth, cannot serve the common good in an orderly manner as God intended them to do, unless a certain definite order be maintained, and this certain definite order consists in this: that each thing have its proper owner.

8. About the first conclusion, *neither capital can do without labor*,

etc., note the fact that Pius XI puts *labor* directly in opposition to the other factor in production, namely, *capital* (translated here as "property"). Some Catholic authors have objected in the past to such an arrangement, since it seems to make labor a mere commodity. The Pope, of course, does not regard labor as a commodity, but for the sake of clearness and directness he dispenses with the more or less roundabout expressions which would be necessary if he always described *labor* in its true nature, i.e., as invested with human dignity.

9. *Whatever has been obtained.... whatever has been produced....* The Pope is referring here to what the economists call "the product"; which means in itself, such objects as are produced by the business—crops, live stock, machinery, clothing and furniture; but practically, it means the money or income for which these objects can be and are exchanged.

10. In the average American business man's reckoning, moreover, profits are that part of the product or income of the business which is left over after capital and labor have each received their return for their part in production; i.e., after wages have been paid to labor; after interest has been paid to bond-holders; after dividends have been paid to stockholders; and after rent and "overhead" have been paid to the land-owners. And note that if the wage paid is a living, family wage, and the interest, dividends, and rent are just also, then as a matter of fact if anything is left over, it really is profits. But note, too, that the Pope says that while these "profits" belong to capital, they are to be distributed also among the workers. See below n. 57/9-12.

11. About the second and third conclusion,—*it is wholly false*, it is *wholly unjust*, note three things. First, that for either labor or capital to claim the entire product is against two kinds of justice: strict, or commutative justice, and social justice. Secondly, in these strong terms the Pope condemns the principles of the would-be reformers above cited (n. 53/1-2). And thirdly, the Pope or the Church is here approving a just return for capital—i.e., in general, the Church is permitting interest taking: which is noteworthy because for many centuries the Church condemned interest taking.

12. Strict or commutative justice demands that to each one be given what strictly belongs to him: and in the product, a certain part strictly belongs to each factor cooperating in production, representing as it does its part in production. Accordingly for capital to claim labor's part or vice versa, means to fail against commutative justice, and to be bound to restitution.

13. Social justice demands that the superfluous goods of the community be distributed among private owners in a way best calculated to serve the needs of the community. But the "profits" while strictly belonging to the capitalist or the owner of the company, still should be distributed by him among company stockholders and workers for the good of all. See n. 57/9-12.

14. On the matter of interest taking the Church holds the same principles as she did in the Middle Ages: that is, if a thing is a "consumable good,"—if it is used up in the very act of being used,—as happens with food and drink—then the use of the thing is one and the same as the thing

itself, and to put a price on the use as distinct from the thing itself is to put a price on something which is non-existent, and that is usury. In the Middle Ages, money was a thing which was used up by being used; and so the Church applied her principles on usury to money. But nowadays money is a thing which is not used up by being used; it has values over and above its value in dollars and cents; and hence the Church sees that her principles on usury no longer apply to money and permits interest taking—except, of course, where the rate is excessive.

15. "Interest" as applicable in the doctrine of *QA* does not mean dividends, which are a return for an investor who shares the risks of the business with the workers; the Church has always allowed income of this character. Nor does interest mean rent; theologians formerly disputed about the lawfulness of rent, but for centuries they are agreed that it is morally permissible. "Interest" then means a price paid for the mere use of money, as distinct from the money itself.

16. It seems clear, moreover, that Pius XI is speaking of interest in this sense when he says that capital cannot be denied its share in the product. For "capital" is a general term for land, for stocks or shares, for bonds or money loans. Since the Pope does not exclude any one of these three meanings, it seems that he must be speaking of bonds and loans as well as of the others; and "interest" is the return for a bond or a money loan. Besides, it must be remembered that the Pope is settling a controversy and condemning the doctrines of an over-zealous would-be reformer here,—namely Dr. Karl Lügner, who held precisely that interest for a money loan is wrong. Hence the Pope's doctrine here is "interest for a money loan, when the loan is a contribution to production, is *not* wrong."

17. The values which money has nowadays over and above its value in dollars and cents are as follows. 1) Money is the basis of credit. About ninety per cent of all modern business is carried on by means of credit, i.e., checks, promissory notes, and the like. But underlying all this credit is a certain amount of ready cash; for if there were no cash, there would be no credit. Cash or money, then, besides its value in dollars and cents, has this value of being able to expand into credit; this is a real value, and it does not seem unjust to put a price called interest upon it. 2) Money represents productive things. Anyone with money today has ready opportunities to turn it into stocks or bonds in some productive business. A productive business,—like a mine or a factory,—has its value as so much wood, steel, and machinery, but also has the added value of its productive capacity; and money which represents the mine or factory has also this added value of representing the productive capacity of the mine or factory, for which interest may be asked. 3) Civil law can, for the common good, extend or restrict ownership rights,—as it does, for instance, in making shopkeepers the owners of "goods left over thirty days." So, too, for the common good, civil law can give the mere use of money a value distinct from the money itself,—i.e., the law can make interest taking at fair rates lawful, for the purpose of stimulating investment. Note that the civil laws do this not merely when they assign a legal rate of interest, but also when they expressly or even tacitly allow interest taking in general.

18. Not all Catholic writers agree in allowing interest taking; there

is a decided movement against it. No doubt interest rates are excessive, and the movement is probably directed mainly against the injustice of these excessive or usurious rates; besides, some may be unaware of this condemnation of the would-be reformers. But various decrees of the Holy See since 1830 have expressed toleration of interest taking; the Code of Canon Law (Canon 1543) says it is "not illicit"; and Pius XI, here in *QA* settling controversies in which it was held that capital was entitled to no interest as such, declares that both labor and capital are entitled to a share of the product; i.e., under existing circumstances, or under the capitalistic system of society, he approves a just return for capital, which in one form at least is interest. Note that the Pope does not condemn the capitalistic system in itself (as will be seen later, n. 101) but only its abuses. And since interest taking is part and parcel of the capitalistic system, as the Pope himself indicates in the present section, his approval of moderate interest seems to be bound up with his acceptance of the system itself.

Section 2. Unjust Claims of "Capital."

54. *Property, that is, "capital," was undoubtedly long able to appropriate too much to itself. Whatever was produced, whatever returns accrued, capital claimed for itself, hardly leaving to the worker enough to restore and renew his strength. For the doctrine was preached that all accumulation of capital falls by an absolutely insuperable economic law to the rich, and that by the same law the workers are given over and bound to perpetual want, to the scantiest of livelihoods. It is true, indeed, that things have not always and everywhere corresponded with this sort of teaching of the so-called Manchesterian Liberals; yet it cannot be denied that economic-social institutions have moved steadily in that direction. That these false ideas, these erroneous suppositions, have been vigorously assailed and not by those alone who through them were being deprived of their innate right to obtain better conditions, will surprise no one.*
- | | |
|--------------------------------------|--|
| <p>The
Fact</p> | |
| <p>Alleged
Principle</p> | |
| <p>Opposition
Aroused</p> | |

1. About this *insuperable economic law* note three things. First, it is what is called "the iron law of wages"; i.e., wages can never rise above a subsistence level: if they do, workers will flock to the place where higher wages are paid and create an oversupply of labor, bringing wages down; if they go below the subsistence level, the workers will die off or go elsewhere, and there will be an increased demand for labor, which will bring the wages up. Secondly, this "iron law of wages" is not really an "iron law" at all, but as the Pope says, a "fictitious" law, of the Liberal Manchester School. And thirdly, while "the iron law of wages" was one of the principles of the Liberal Manchester School, it had been theoretically formulated as such by the Socialist Lassalle.

2. The *Manchesterian Liberals* were not "Liberals" in the sense usually given the term in the 1930's and 1940's. They—or the "Manchester School"—are best described as a group of English economic Liberals,—notably Sir Robert Peel and Robert Cobden, in the 1830's and 1840's who taught certain economic principles in theory which were being put into practice especially in the industries in and around Manchester, England. Some of these principles are: 1) no interference by religion or government in the absolute freedom of business men; 2) if each man follows out his selfish interests, the greatest good will result for society; and 3) free trade between countries, and free competition between business men and between workers, must be held as absolutely sacred.

Section 3. Unjust Claims of Labor

55. *And therefore, to the harassed workers there have come "intellectuals," as they are called, setting up in opposition to a fictitious law the equally fictitious moral principle that all products and profits, save only enough to repair and renew capital, belong by very right to the workers. This error, much more specious than that of certain of the Socialists who hold that whatever serves to produce goods ought to be transferred to the State, or, as they say, "socialized," is consequently all the more dangerous and the more apt to deceive the unwary. It is an alluring poison which many have eagerly drunk whom open Socialism had not been able to deceive.*

"Intellectuals"
Principle

Condemned
as
Socialistic

1. The *intellectuals* coming to the aid of the harassed workers (as the Pope says with a touch of irony) were among others the members of the *Neue Wiener Richtung*—the would-be reformers. See the *Linzer Quartalschrift*, 1927, p. 722; and 1929, p. 708.

2. The reason why the Pope calls it a *fictitious moral principle* is because it is false to say that the workingman is entitled to all of the product except what is needed to maintain or replace capital; he is entitled only to his fair share.

Section 4. The Guiding Principle of Just Distribution

56. *Unquestionably, so as not to close against themselves the road to justice and peace through these false tenets, both parties ought to have been forewarned by the wise words of Our Predecessor: "However the earth may be apportioned among private owners, it does not cease to serve the common interests of all." (1) This same doctrine We ourselves taught above in declaring that the division of goods which results from private ownership was established by nature itself in order that created things may serve the needs of mankind in fixed and stable order. Lest one wander from the*

Principle
Stated

(1) Encyclical on the Condition of Workers, n. 14.

straight path of truth, this is something that must be continually kept in mind.

1. Note that *the guiding principle of just distribution* is not (as might be expected) the principle of commutative justice, i.e., a just return for services rendered, but rather surprisingly the principle of social justice, i.e., the common good or *the common interests of all*. It is true, of course, that capital and labor have each a claim to a share of the product as a just return for their contributions to production. This is a claim in strict or commutative justice, and Pius XI insists on its validity repeatedly in *QA* (n. 53, 54, 55, 58, 71, 110). A major portion of the gross or total income of all business firms must be distributed to creditors of all kinds—employees, bondholders, patent holders, repairmen, supply houses, transportation agencies—as payment for services rendered, by the strict law of commutative justice. How then can the Pope say (one might ask) that the basis of the distribution is to be *the guiding principle of the common good*, or social justice? Do not all these creditors have just claims in commutative justice? In reply the Pope's doctrine may thus be summarized. By all means the various kinds of capitalists and the various kinds of workers have "just claims" on the income of capitalistic business. But in this controversy between capital and labor the trouble has been precisely that each party has insisted so exclusively on its "just claims" that the just claims have eventually come to be the "unjust claims of capital" and the "unjust claims of labor." To correct these excesses, the Pope recommends as *the guiding principle*, even in matters of strict or commutative justice, the thought of the common good, or *the common interests of all*. By this thought the rich will not limit themselves merely to insisting on their rights of ownership over the profits, but will think also of their obligation of using the profits for the common good. Likewise the workers will not be *too ready to assert wrongly the one right they are conscious of* (i.e., their right to a share in the gross income of business), as the Pope says in n. 57, but will be guided by counsels of moderation in the efforts they make to better their lot.

57. *But not every distribution among human beings of property and wealth is of a character to attain either completely or to a satisfactory degree of perfection the end which God*

**Principle
Applied**

intends. Therefore, the riches that economic-social developments constantly increase ought to be so distributed among individual persons and classes that the common advantage of all, which Leo XIII had praised, will be safeguarded; in other words, that the common good of all society will be kept inviolate. By this law of social justice, one class is forbidden to exclude the other from sharing in the benefits. Hence the class of the wealthy violates this law no less, when, as if free from care on account of its wealth, it thinks it the

**Principle
Violated**

right order of things for it to get everything and the worker nothing, than does the non-owning working class when, angered deeply at outraged justice and too ready to assert wrongly the one right it is conscious of, it demands for itself everything

as if produced by its own hands, and attacks and seeks to abolish, therefore, all property and returns or incomes, of whatever kind they are or whatever the function they perform in human society, that have not been obtained by labor, and for no other reason save that they are of such a nature. And in this connection

**False
Interpretation
of St. Paul**

We must not pass over the unwarranted and unmerited appeal made by some to the Apostle when he said: "If any man will not work neither let him eat."⁽¹⁾ For the Apostle is passing judgment on those who are unwilling to work, although they can and ought to, and he admonishes us that we ought diligently to use our time and energies of body and mind and not be a burden to others when we can provide for ourselves. But the Apostle in no wise teaches that labor is the sole title to a living or an income.⁽²⁾

1. *But not every distribution . . .* The Pope here safeguards Leo's words just quoted against a possible misinterpretation. "However the earth may be apportioned among private owners, it does not cease to serve the common interests of all" might be understood by some readers as a Papal approval of the actually existing distribution of the goods of the earth, unequal and unfair though it is. Pius XI hastens to forestall or correct such a misunderstanding by saying: *But not every distribution . . . of property and wealth is of a character to attain . . . the end which God intends.*

2. It was said above, n. 56/1, that labor and capital have claims in strict justice as return for services rendered on the total or "gross" income of capitalistic business. Another difficulty is presented, however, when the Pope's words in this paragraph, *the riches that . . . constantly increase* are taken to mean only the "net" income or the "profits," of the business. How does the Pope's *guiding principle of the common good of all society*, or of *social justice*, apply to the distribution of the profits? This question will best be answered by treating the matter under four headings: 1) What are profits (n. 57/3)? 2) Who owns the profits (n. 57/4-7)? 3) To whom are the profits to be distributed (n. 57/8-13)? 4) Who is to do the distributing of the profits (n. 57/14)?

3. As taken generally in the United States, "profits"—in the strict sense of "undistributed profits"—means that portion of the income of a business which remains after all the creditors and all the stockholders of the business have been paid off. Profits are what is left after workers have got their wages; bond-holders have got their interest; patent holders their royalties; repairmen, expressmen, railways, supply houses, etc., etc., have all got their payment; after the government has got its taxes; and shareholders have received their dividends. It might be thought that "profits" cannot amount to a very great sum after all this litany of creditors has been satisfied. During the 44 months of American participation in World War II, however (according to estimates made by the Department of Commerce), American corporations had left after the payment of all expenses including taxes (but not

(1) II Thess. 3/10.

(2) cf. II Thess. 3/8-10.

dividends) the staggering sum of 52 billion dollars. Half of this sum the corporation managements distributed as dividends to their stockholders; the other half—\$26 billion—they kept in their treasuries as “undistributed” profits. And by the end of 1947 it was estimated (CIO *Economic Outlook*, February, 1948) that all undistributed profits of American corporations had reached the staggering sum of \$92 billion! See below n. 72/6, 74/8.

4. Who, then, owns this \$92 billion in profits? If there are no further claims against the corporations, the answer is briefly: the owners of the corporations, i.e., the stockholders, also own the profits,—with the obligation, however, of allocating or distributing them in the way that will best serve the common good.

5. “If there are no further claims against the corporations”—but how can there be further claims if all the creditors have been paid off? The answer is that after all the legal creditors have been paid off, there may still be other creditors who cannot actually push their claims in law. The corporations may have overcharged their customers in some way that cannot be checked, or may have otherwise added to their profits in ways that come under the heading of “graft.” For instance, Lindsay Warren, Comptroller General of the United States, made some startling statements in 1945 regarding graft in government contracts that had been made on a “cost-plus-a-fixed-fee basis.” During World War II the U. S. Congress authorized these “cost-plus-a-fixed-fee” contracts, in which any company taking a government war contract would be assured of a fixed fee regardless of cost. The practice then developed of padding the “cost” part of these contracts with all kinds of gifts, gratuities, and “kick-backs” to various people connected directly and indirectly with the contracts. Testifying on February 13, 1945, during the committee hearings on a bill proposing to eliminate these “kick-backs,” Lindsay Warren expressed his belief that the “cost-plus-a-fixed-fee” policy had “added \$50,000,000,000 to the cost of the war.” (And 50 billion dollars is more than the entire cost of World War I, graft and all!) The corporations of course, have no right to money obtained by overcharging a customer, even if the customer is the government of the United States. If, therefore, Lindsay Warren’s estimate of a \$50 billion overcharge is correct (and the Comptroller General should be in a position to know the facts), then the \$50 billion war graft will wipe out the \$26 billion war profits of American corporations, and leave \$24 billion still to pay!

6. Other creditors of the corporations having claims in justice if not in law on the \$26 billion war profits are those employees of the corporations who were receiving less than a living, family wage while the \$26 billion were being amassed. “The first claim of labor, which takes priority over any claim of the owners to profits, respects the right to a living wage,” said the American Bishops in their 1940 Statement *The Church and Social Order*, n. 40. The commentary will show (n. 71/11 ff.) that a living wage for an average able bodied American industrial worker shortly before World War II was about \$3500 per year. “The first claim” on the \$26 billion of war profits, then, was to raise the wages of American workers at least to an approximation of \$3500 per year. And it might be noted here that the Jack and Heintz Company of Cleveland paid 8600 workers a basic annual wage of \$5300 during World War II.

7. But suppose that there has been no overcharging of customers, and all the workers have been paid a just wage, and all the other creditors of the company have got what is their due, and there is still something left over,—who owns these profits? The would-be reformers would reply, of course, that the workers own them. But the Pope's doctrine is that the company or the stockholders own them. The Pope does not put this doctrine down in so many words, but it is implied very clearly in two other points he emphasizes. 1) In treating profit-sharing for the workers (below n. 65), he does not teach that the workers have a strict and universal right to the profits, but only suggests the introduction or spread of profit-sharing as something "more advisable," to be adopted only "so far as possible." 2) And in n. 64 he gives his definite approval to the institution of the wage contract; but it is of the essence of the wage contract that the workers give up any rights they might have to the profits in return for a fixed wage.

8. Thus the stockholders are the owners of the corporation profits. This does not mean however, that they may use the profits just as they please, or keep them all in the corporation vaults. The Pope's doctrine is that the profits must be distributed for *the common advantage of all*, or for *the common good*. Indeed, "undistributed" profits are to be classed with the "superfluous income" which Pius XI treated above n. 50-1, and which he said "the rich are bound by a very grave precept" to distribute for the relief of human misery and for the common good.

9. Now the common good will be served if both the capitalists and the workers get a share of the profits. Profits in the hands of the capitalist will serve the common good by giving the capitalist an opportunity for necessary expansion of the business. Indeed, Pius XI declared above, n. 51, that "expending larger incomes so that opportunity for gainful work may be abundant, provided, however, that this work is applied to producing really useful goods, ought to be considered . . . an outstanding exemplification of the virtue of munificence and one particularly suited to the needs of the times." Profits expended by the capitalist for technological research are also to be considered as serving the common good, as long as the technological research will not result in technological unemployment. The common good also requires that debt be avoided whenever possible. Hence it is preferable for a company to pay for its necessary expansion rather by "internal financing" than by borrowing money from the banks, or from the public by bond issues. Since 1920 such "internal financing" has been very common in the United States. The Hearings of the Temporary National Economic Committee (see below n. 105/3) show (Part 9, p. 3685) that in the period 1922-37 more than three-fourths of the financing of business plant and equipment in the United States was from internal sources. The American railroad industry, for instance, during this period reinvested seven billion dollars of its earnings,—three times as much as it borrowed (ibid., p. 3575 and 3571). United States Steel Corporation reinvested one billion,—ten times as much as it borrowed (ib. p. 3581 and 4026). General Electric and General Motors seem to have borrowed nothing at all (p. 3620 and 3651). It should be noted, however, that "internal financing" of new plants, factories, markets, is unjust until just wages have been paid. See below n. 72/7.

10. It is often alleged that business men,—i.e., those representing capital—need the incentive of large profits in order to undertake the risks necessary to establish and maintain a business. And since prosperous business is good for everyone in the country and for *the common good*, it is taken for granted that the common good requires that business men get the lion's share of the profits as an incentive for their business operations. This argument is perfectly true as far as the "little businessman" is concerned, i.e., the man employing less than 100 workers. Such a businessman, as will be seen (n. 58/1), is entitled to any amount of profits he can get, and may keep a generous portion of what he gets as reward for his industry and ingenuity and as an incentive for further efforts. It is to be noted, too, that at the beginning of 1946 these "little businessmen" were employing 45 per cent of all the wage earners in the United States, and conducting 30 to 40 per cent of all the business transactions. But as far as the large corporations are concerned, the hundred million and billion dollar giants, which do the greater part of the business of the nation, it is by no means true that the stockholders or the owners need the incentive and reward of large profits for their ventures and operations. The reason is because the ordinary stockholder has nothing to do with business ventures and operations in these large corporations; such matters are handled by hired executives or managers, who may own very little stock in the corporation. See below n. 105/11 ff. Hence the stockholders have no claim on any part of the profits as a reward or an incentive for initiative, resourcefulness, or outstanding business ability.

11. Similarly, it is often alleged that the capitalist should keep the profits to serve as "reserves" that will protect the business against hard times. Sometimes it is even claimed that such "reserves" in the hands of the employers are a benefit to the workers for the reason that thereby the workers' jobs are protected against hard times. Of course, if it is intended that the workers keep on getting their wages whether the firm is operating or not, and this intention is actually carried out, the claim would be justified. Such is indeed the practice in the case of guaranteed annual wages; and at the end of 1945 there were several hundred guaranteed annual wage plans in operation in the United States. They had been negotiated by unions and employers in such industries as meat packing, steel, dairy, fur and leather products, textile, printing, hardware, and grain and cereal milling, as well as in wholesale and retail trade, and in services like cleaning and dyeing and custom tailoring. Aside from these and similar cases, it is extremely rare to find employers keeping workers on the pay roll and continuing to pay their wages out of "reserves" during a depression. Usually the workers are the first to suffer in hard times; the employer lays them off, reserves or no reserves. In any case, the Pope says not a word about the need of reserves in the hands of the capitalist. But he does indicate very plainly in several places (n. 60, 63, 74) that reserves against hard times should be taken out of the profits, but that they should go, not to the employers, but to the workers. His thought evidently is that the workers are to set up their own defenses against hard times by getting reserves directly out of the profits themselves; not that the employers take the reserves out of the profits and then pass them on to the workers in hard times. The guaranteed annual wage

could moreover be taken as a case of profits going directly to the workers rather than of profits going to the workers through the employers.

12. It is also the Pope's thought that the workers get a far larger share of the profits in future than they have received in the past. This is seen in his strong condemnation of the present unequal distribution of created goods, n. 58 and n. 60, and his call for a fairer distribution in the future. In n. 62 he utters a warning that unless the workers do get more of the profits "let no one persuade himself that public order... can be effectively defended against... revolution." See also n. 57, 61, 63, 65, 74.

13. Government taxation of "undistributed profits" is also justified not only as a means of securing the funds required for the common good by the government, but also as a means of stimulating business firms into observing the *law of social justice* by which the profits are to be *so distributed* as will best serve *the common good*.

14. But are the workers to have "a finger in the pie" in the actual determination of how the profits are to be distributed? During the General Motors strike in 1945-46, the management of the corporation ran large advertisements in the newspapers claiming that the union's demands were a kind of sinister move towards getting such a "finger in the pie." The Pope, however, would not look upon a move towards a sharing in management by labor as something sinister. While teaching that the capitalist owns the profits, and therefore is to have the leading voice in the determination of their distribution for the common good, still he also teaches that it would be "advisable" for labor to have a share in management "so far as is possible"; see below n. 65. As a matter of fact, the chief and central doctrine of the entire *QA*, namely, the collaboration of labor and management in the system of the "orders," requires of necessity that workers have a greater share in management than has fallen to their lot in the past. See below n. 81 ff.

15. In his condemnation of violations of the principle of *the common good*, note the uncompromising severity with which Pius XI condemns violations by the capitalist; on the contrary, the extenuating circumstances he gives for violations by the laboring man.

16. The *unwarranted and unmerited appeal* to St. Paul had been made by some of the "would-be reformers." Note, too, the interesting way in which the atheistic Russian Communists apply this text of St. Paul and the Holy Bible: article 12 of the 1936 Soviet Constitution declares: "In the USSR work is the duty of every able bodied citizen, according to the principle: 'He who does not work shall not eat.'"

Conclusion

58. *To each, therefore, must be given his own share of goods, and the distribution of created goods, which, as every discerning person knows, is laboring today under the gravest evils due to the huge disparity between the few exceedingly rich and the unnumbered propertyless, must be effectively called back to and brought into conformity with the norms of the common good, that is, social justice.*

1. *To each, then, must be given his share of goods.... The share*

of *goods* which labor and capital are to receive is to be measured by the *law of social justice*, or the *common good*, as far as the profits, or the net income of the business, is concerned. But is there any way of measuring the *share of goods* which labor and capital are to receive as their due in commutative justice out of the gross income of the business? The answer is briefly that the *share of goods* which labor is to receive is a living, family, saving wage; and the *share of goods* which capital is to receive is a share corresponding to the value of its contribution to production. In other words, labor has an inward God-given value even aside from the value of its contribution to production; whereas capital has no such inward value, but only the value of its contribution to production. Labor's inward value is its God-given capability of making a living and raising a family; and the price of this value according to the law of nature—one might even say, according to the price-tag placed upon human labor by nature and nature's God—is a living, family, saving wage (see below n. 69-75). The *share of goods* which is to go to the capitalist, however, is to be measured only by the value of capital's, especially the stockholders', contribution to production. The stockholders' share, then, will be a just rate of dividends. The amount of this "just rate of dividends," however, will not always be the same. If a company is in a position to set a monopolistic price upon its product,—as for instance the large public utility corporations before the day of government competition in the field, or the corporations at any time in a position to act as "price leaders," or to set "administered prices" (see below n. 109/2)—then the just rate of dividends on its stock (according to Monsignor John A. Ryan in his book *Distributive Justice*, Chapter XVIII) is one per cent above the prevailing rate of interest on money loans; the one per cent being sufficient to cover the value of the stockholders' risk. Thus, says Monsignor Ryan, if the prevailing rate is 5 per cent (*Distributive Justice* was published in 1916), the just dividend for public utility stock would be 6 per cent. Over and above this 6 per cent out of gross income, the stockholders might get another 4 per cent out of the profits strictly so called as the share of the profits due to them for the sake of the common good. But anything over a 10 per cent total return on investment when a company is in a monopolistic position, says Monsignor Ryan (p. 264) "has no greater ethical sanction or validity than the pistol of the highwayman. In both cases the gains are the product of extortion."—A businessman who is not in a position to charge monopolistic prices, however, but who must accommodate himself to conditions of competition, is entitled to any amount of profits he can honestly get. For if in conditions of competition he makes more money than his competitors it is only because his industry and genius have put more into his business than his competitors have put into theirs; and this very industry and genius constitute a title to a share of goods as large as he can honestly get.

2. As commonly taken, and as Pius XI himself takes it in *QA*, *social justice* may mean either of two things: one, the common good; the other, the virtue which prompts and helps men to promote the common good. And the *common good* is to society at large or the State or "the body politic" what life and health are to the body of an individual citizen. Note that the American constitution uses the term "general welfare" for the idea of *the common good*.

3. Life and health for the body of an individual citizen may be said to consist in three things. First, a sense or consciousness of security, well-being, satisfaction pervading the entire body. Secondly, the things which are the immediate causes of this sense of well-being, such as 1) well-formed, healthy and normally functioning organs and members of the body,—heart, lungs, hands, feet; 2) the proper circulation of the blood; 3) the proper food, clothing, and shelter for the body. And thirdly, wise care of the health taken by the individual himself,—protecting it against danger, applying remedies where needed, and striving to perfect it in general.

4. On this basis, the *common good*, or the general welfare, may also be said to consist in three things. First, a general sense of security, well-being, peace, harmony, prosperity in society. Secondly, the immediate causes of this general security, and the set of conditions under which it can thrive, above all full opportunity for normal family life and honest and decent living. And thirdly, wise direction and coordination of these causes and conditions by the government, in its proper work of “directing, watching, urging, restraining,” as the Pope declares later, n. 80.

5. As there are three general causes of bodily well-being: healthy members, good circulation, and proper food, clothing, and shelter, so there may be said to be three similar causes of the general welfare or the common good. First, healthy members, namely: families, cities and territorial units, and “orders” (these “orders” to be explained later, n. 81 ff.); secondly, proper circulation of money and especially of credit, which Pius XI calls “the life-blood whereby the entire economic system lives” (infra n. 106); and thirdly, proper economic production and competition, which may be said to be the food, clothing, and shelter of the body politic.

6. The government is “never to destroy or absorb” these causes of the general welfare, as Pius XI says—but the government is to do its proper work, he adds, by “directing, watching, urging, restraining” (infra n. 80).

7. Note that the general welfare or the common good, as described, is never actually existent in all its perfection anywhere in the world; but the world is striving for it, just as a sick man strives for health. Hence the existence of various movements for “social justice.” The world is sick, and looking for health.

8. Social justice as a virtue, moreover, helps men to promote and preserve the common good in the same way as the law of self-preservation helps a man to promote and preserve his bodily health; and that is, in two ways: directly and indirectly. Directly, it helps him to do those things which will immediately procure general security in society; just as the law of self-preservation urges a man to eat and drink, and thus directly preserve life; so social justice should prompt employers to distribute the profits of a business in such a way as to procure security and freedom from financial worry not only for capital but also for labor. And indirectly, it helps a citizen to practice other virtues, by means of which general security will be attained. Just as the law of self-preservation may urge a man to undertake the study of some special phase of medicine, or to practice some game, such as golf or tennis, by means of which his health will be promoted, so social justice urges men to the virtue of commutative justice—keep just contracts, pay just wages; or to the virtue of charity—

almsgiving, liberality—by means of which general security—the common good—will be promoted in society.

9. And according to the doctrine of St. Thomas, social justice is a virtue for both rulers and subjects, but in a different way for each. Rulers are to be the “architects,” he says, of the common good—i.e., by their work of “directing, watching, urging, restraining”; and subjects are the “administrators” of the common good. Rulers build the house, and the people live in it.

10. Pius XI uses the term *social justice* in eight places in *QA*. In most cases, he seems to be taking it as the virtue; especially in one reference to *social justice and the common good*, at the beginning of Chapter Three, n. 101: the word “and” indicates that he is there taking *social justice* as a virtue distinct from *the common good*. But at the end of this section on *Capital and Labor*, n. 58, he speaks of *the common good*, that is *social justice*,—indicating clearly that in this place he takes them as meaning the same thing.

11. Catholic authors in the past have not been agreed on the meaning of the term, *social justice*. But the best authorities—among them the “Code of Social Principles” and the “Osservatore Romano,”—take it as a virtue, and describe it as the virtue which helps men promote the common good. As has been shown, Pius XI takes it (as a virtue) in this sense. He does the same in his Encyclical on *Atheistic Communism*, n. 51, where he says: “It is of the very essence of social justice to demand from each individual all that is necessary for the common good.” He thus gives what may be called the “official Catholic concept” of social justice—as the virtue by which men promote and preserve the common good. Note also that as far back as 1923, in his Encyclical *Studiorum Ducem* in honor of St. Thomas Aquinas, Pius XI said that St. Thomas treated “legal or social justice”; evidently Pius XI considered “legal” and “social” justice identical. St. Thomas, however, never once mentions the term “social justice”; and by “legal justice” he means the virtue of the common good. Hence “social justice” is a new name for an old virtue—called by St. Thomas “legal justice” or “general justice.” Pius XI in *QA* never once uses the old term “legal justice”; instead he gives the name “social justice” to what St. Thomas would have called “legal justice,” and would have described just as we have described the virtue of *social justice*.

Further Readings on Property ('Capital') and Labor

Any manual of economics explains the general concepts of capital and labor, but there are not many in English which follow and develop the Pope's ideas on the subject as put forth here.

Msgr. John A. Ryan's book *Distributive Justice*, however (Macmillan), is devoted to just this subject, and he handles it in a masterly way—capital's claims, labor's claims, profits, interest.

On *interest taking* see the excellent articles in the *Catholic Encyclopedia* by Father Vermeersch, S.J., “*interest*” and “*usury*”; and for instances of the Church's attitude in practice towards interest taking see *McManus*, C. Ss.R., *Temporal Goods in Religious Institutes*, a thesis submitted to the faculty of Canon Law at Catholic University.

On the *common good* see Haas, *Man and Society*, (Century) p. 199 ff.

On *social justice* see Ferree, S.M., *The Act of Social Justice*, Catholic University.

Chapter Three

Redemption of the Non-Ownning Workers

59. *The redemption of the non-owning workers—this is the goal that Our Predecessor declared must necessarily be sought. And the point is the more emphatically to be asserted and more insistently repeated because the commands of the Pontiff, salutary as they are, have not infrequently been consigned to oblivion either because they were deliberately suppressed by silence or thought impracticable, although they both can and ought to be put into effect. And these commands have not lost their force and wisdom for our time because that "pauperism" which Leo XIII beheld in all its horror is less widespread. Certainly the condition of the workers has been improved and made more equitable especially in the more civilized and wealthy countries where the workers can no longer be considered universally overwhelmed with misery and lacking the necessities of life. But since manufacturing and industry have so rapidly pervaded and occupied countless regions, not only in the countries called new, but also in the realms of the Far East that have been civilized from antiquity, the number of the non-owning working poor has increased enormously and their groans cry to God from the earth. Added to them is the huge army of rural wage workers, pushed to the lowest level of existence and deprived of all hope of ever acquiring "some property in land,"⁽¹⁾ and, therefore, permanently bound to the status of non-owning worker unless suitable and effective remedies are applied.*

**Need of
Reaffirming
Leo's Doctrine**

1. In this section on the Redemption of the Non-Ownning Workers, the Pope is not settling any special controversy; he rather seems to be refuting the calumny that Leo XIII's call for such a redemption was a hopeless venture.

2. *Non-owning workers*... The Latin uses the term "proletarii,"—i.e., the proletariat. In old Roman days, the "proletariat" were the poor who had nothing to contribute to the country but their offspring—"proles"—to serve as soldiers and servile laborers. According to Karl Marx, who seems to have introduced the term into modern society in his *Communist Manifesto* issued in 1848, the whole world is made up of two classes: the bourgeoisie and the proletariat: probably what we should call today the "haves" and the "have nots." The Pope seems to take the term from Karl Marx but he gives it a definite meaning of his own. He makes a distinction between a pauper, who has no definite income whatever, and a proletarian, who has no income but his daily wages, and therefore lives in hand-to-mouth uncertainty and insecurity.

3. About this term *non-owning workers* or proletariat, note two things. First, the meaning which the Pope gives the term is not restricted

(1) *Encyclical, On the Condition of Workers*, n. 66.

merely to the abjectly poor, but evidently covers the great majority of people in the world today,—day laborers and “white-collar” workers alike. And secondly, “proletariat” and “proletarian” have a rather strange and foreign sound in English; more familiar words which convey the same idea are “wage-slavery” and “wage-slave”; or best of all, the phrase used in the text here: “*non-owning workers*.”

4. By *redemption* here the Pope does not mean redemption in the sense in which theologians use it,—i.e., the act or work by which Christ “took away the sins of the world”: but he means redemption in the sense in which the old pagans used it;—i.e., the act by which individual Roman or Greek slaves bought themselves into freedom. There was a recognized procedure for this in the ancient pagan world. If a slave could manage to gather the necessary money, he took it to a certain pagan temple and through the medium of the priests, bought his own freedom.

5. Note three things here. First, the Pope’s use of the term *redemption* here means that just as the old Roman slaves bought themselves out of slavery into freedom, so the proletarians,—the modern wage slaves or *non-owning workers*—are to buy themselves into financial independence or social security. Secondly, the word “uplifting” (used in previous English versions of the Encyclical) as a translation of the Pope’s “redemption” does not convey his idea at all, but rather connotes an idea of unpleasant meddling usually associated with the term “social uplift.” And thirdly, the American Bishops in treating this subject in their 1940 statement on “The Church and Social Order” give it the general title “security.”

6. Leo XIII *Our Predecessor*—declared in *RN* that the *redemption of the non-owning workers must necessarily be sought*. In general, he said *RN* n. 2(5), “the poor must be speedily and fittingly cared for, since the great majority of them live undeservedly in miserable and wretched conditions.” In particular, he showed, n. 23 (42), that “as regards the non-owning workers specifically, she [the Church] desires and strives that they rise from their most wretched state and enjoy better conditions.” He adds, n. 29 (54), “since wage workers are numbered among the great mass of the needy, the State must include them under its special care and foresight”; and especially, n. 35 (65), “the law ought to favor this right” (of private ownership) “and, so far as it can, see that the largest possible number among the masses of the population prefer to own property.” Finally, the parties concerned, especially labor unions, should have for their object, n. 42 (76), that “the individual members of the association secure, so far as is possible, an increase in the goods of body, of soul, and of property.”

7. *Manufacturing and industry have pervaded and occupied countless regions . . .* This is what is called “economic conquest” and “economic imperialism,” whereby all of Africa, much of Asia, and all of India and China, the islands of the Pacific, and to some extent the lands of the Caribbean Sea, have come under the domination of “great nations” (England, France, the United States, Japan, Italy, and before World War I, Germany and Russia) and have been “developed” by native labor for the benefit of great industrial concerns in the “civilized” countries, often at the cost of intense suffering to the natives. See below, n. 109/10, ff.

8. Examples of the *rural wage workers* would be, in the United States, the “share croppers,” or “cotton-croppers,” who work a farm for

a meagre share of the crop or a miserable wage. In 1936, they numbered about five and a half million whites and three and a half million Negroes.

9. On this point the Catholic Code of Social Principles says, n. 98: "In certain countries in particular there has arisen a rural problem under circumstances detailed below: 1) the existence of estates, untilled or under-tilled, whose use and improvement are indispensable to the common good; 2) cultivation which, though technically satisfactory, has by its mass-production led to the use and growth of a rural proletariat in great poverty, who are forced to leave the land, to emigration, or to some other alternative hurtful to the common good. In all such cases the State has the right, when less drastic means have failed, to decree the division of cultivation and, if need be, of properties. The exercise of the right is always subject to the granting of a just and well-considered indemnity to all those whose legitimate rights would be injured by the measure taken towards division."

60. *Yet while it is true that the status of non-owning worker is to be carefully distinguished from pauperism, nevertheless the immense multitude of the non-owning workers on the one hand and the enormous riches of certain very wealthy men on the other establish an unanswerable argument that the riches which are so abundantly produced in our age of "industrialism," as it is called, are not rightly distributed and equitably made available to the various classes of the people.*

1. *Immense multitude of non-owning workers.* In the United States in 1936, according to the National Resources Committee investigation, "Consumer Incomes in the United States," (summarized in the 1941 Handbook of Labor Statistics), there were more than two million families (out of 39 million in the country) with incomes under \$250 per year; four and a half million families between \$250 and \$500; eleven and a half million between \$500 and \$1,000. Thus almost half the families in the United States had an annual income under \$1,000.—Besides, almost one half the farmers in the United States in 1935 were farm tenants,—i.e., they were renting the farm from someone else; and this farm tenantry was increasing rapidly; between 1880 and 1940, there were an average of 40,000 new tenant farmers each year.—President Roosevelt summed it up by saying: "Here is one-third of a nation ill-nourished, ill-clad, ill-housed."

2. At the other end of the scale, the *enormous riches of certain very wealthy men*, according to the National Resources Committee above cited, were as follows: 87 families had incomes of more than a million dollars per year; 240 families, between half a million and a million; 4,144 families, between a quarter million and half a million. See below n. 105/4.

61. *Therefore, with all our strength and effort we must strive that at least in the future the abundant fruits of production will accrue equitably to those who are rich*

**Actual Reaffirming:
Non-Owning Status
to be Overcome
Through the
Non-Owning Workers
Obtaining Property**

and will be distributed in ample sufficiency among the workers—not that these may become remiss in work, for man is born to labor as the bird to fly—but that they may increase their property by thrift, that they may bear, by wise man-

agement of this increase in property, the burdens of family life with greater ease and security, and that, emerging from that insecure lot in life in whose uncertainties non-owning workers are cast, they may be able not only to endure the vicissitudes of earthly existence but have also assurance that when their lives are ended they will provide in some measure for those they leave after them.

1. Note just how Pius XI actually reaffirms Leo's doctrine: first, he urges that efforts be made to divide the fruits of production more fairly *at least in the future*; i.e., as he says, less for the rich and more for labor; secondly, gives the reason for this: namely, so that the working-men may be able to increase the little family fortune, and so be better able to meet the difficulties of life, and to provide for those they leave behind. Note that the statement *man is born to labor as the bird to fly*, is taken from the Holy Bible—Job, 5/7.

2. *Increase their property by thrift . . .* This means, practically, acquiring ownership of productive goods, as is evident by referring to the passages quoted from *RN*: i.e., having money in the bank, owning shares in some business, preferably in the business, great or small, for which the laborer is working; in short, having some source of income besides that from the labor he is able to perform day by day or week by week.

3. Note that this point of financial independence for the workers is the great all-important objective of the Catholic program for social reform: the goal that *must necessarily be sought*. Around it center all the other points in the Catholic social program: labor unions, cooperatives, property rights, capital and labor, wages, even the reform of the social order.

4. As to just how the workers are to *increase their property by thrift*, Pius XI treats this question immediately, in the Section on Just Wages and Salaries; here we may say that the laboring man is not to acquire productive goods by violence (as Communism asserts) nor by receiving them as alms (as Capitalism might sometimes grant) but by buying them out of his just and ample wages, or receiving them as his fair share of the profits; or, until such time as a democratically controlled economy based on social justice is established, by receiving them with the help of government as social security allowances (see below n. 71/26 ff).

62. *All these things which Our Predecessor has not only suggested but clearly and openly proclaimed, We emphasize with renewed insistence in Our present Encyclical; and unless utmost efforts are made without delay to put them into effect, let no one persuade himself that public order, peace, and the tranquility of human society can be effectively defended against agitators of revolution.*

Danger of Revolution

1. The Pope makes his demand for the "redemption" of the workers mainly on moral grounds; but it is also good economics; the investigations of the Brookings Institute of Washington, and of other agencies, show that the depression of 1929-35 was caused by insufficient "consumer

power"; and that the way to avoid depressions and to remedy economic evils (just on economic grounds) is to increase this "consumer power"—i.e., put more income into the hands of the consumers, the ordinary people—the proletariat.

2. On this point the "Bishops' Program of Social Reconstruction," on the second last page has this to say: "The second great evil, that of insufficient income for the majority, can be removed only by providing the workers with more income. This means not only universal living wages, but the opportunity of obtaining something more than that amount for all who are willing to work hard and faithfully." And on the third last page, it is stated: "The full possibilities of increased production will not be realized as long as the majority of the workers remain mere wage-earners. The majority must become owners, at least in part, of the instruments of production." And in the 1940 statement on "The Church and Social Order," n. 31, the Bishops say: "If the majority of our citizens possess insufficient private property to be independent of a wage income for even a short period of time, then there is grave danger to the entire social fabric. Social stability rests upon this basis of individual ownership of property. There should be more of it and not less of it, if our existing economic system is to remain secure."

Further Readings on Redemption of the Non-Owning Working Class

On the *Non-Owning Class* or the *Proletariat* see Dempsey-Nell-Breuning, *Reorganization of Social Economy* (Bruce) Chap. VIII.

On *Workers in the Far East*, etc. see Moon, *Imperialism and World Politics* (Macmillan) under the heading "Labor" in the general index.

On *Farm Tenantry* and *Share Croppers in the U.S.*, see the official Report of the President's Committee on Farm Tenancy, published 1937; and Schmiedeler, *Our Rural Proletariat*, and *The Rural South, Problem or Prospect?* (N.C.W.C. Social Action Pamphlets, Paulist Press); and on Farm Problems in general, *Rural Catholic Manifesto* (Bruce); also the extensive and interesting Report of the LaFollette Senate Committee: *Employers' Associations and Collective Bargaining in California*; and the Secretary's Report of the Temporary National Economic Committee, p. 199 ff.

On the need of increasing consumer buying power, see *Income and Economic Progress*, (Brookings Institute, Washington, D.C.); and Ryan, *A Better Economic Order*, (Harper's) p. 23 ff.

Chapter Four

Just Wages and Salaries

63. *As We have already indicated, following in the footsteps of Our Predecessor, it will be impossible to put these principles into practice unless the non-owning workers through industry and thrift advance to the state of possessing some little property. But except from*

Introduction *pay for work, from what source can a man who has nothing else but work from which to obtain food and the necessities of life set anything aside for himself through practicing frugality? Let us, therefore, explaining and developing wherever necessary Leo XIII's teachings and precepts, take up this question of wages and salaries which he called one "of very great importance."* ⁽¹⁾

1. About the Pope's term, *Just Wages and Salaries*, note two things. First, by the word *just* he does not mean only a wage due in commutative justice, but also in social justice; i.e., not only a minimum, but also a maximum wage. This is evident from some of the considerations he gives later for determining this *just* wage (n. 74, 75). Secondly, he is speaking here not only of the wages of manual laborers, but also of the salary of what are called in the United States "white-collar workers." Note that "white-collar workers" often belong to the *non-owning class*.

2. The Pope's teaching on *just wages and salaries* is closely and logically connected with his teaching on the *redemption of the non-owning workers*. This redemption is to consist in the fact that the workers achieve financial independence, or *advance to the state of possessing some little property*, or, in the popular phrase, have "money in the bank." According to the Pope's doctrine, however, the workers are to get this money or property or independence 1) not by "exspoliating the exspoliators" (as the Communists urge), 2) nor as alms from a benevolent employer (as some admirers of the capitalistic system might think), 3) nor even as a dole from the government (as admirers of the totalitarian State contend), except as "a lesser evil" (above n. 49/11); although State assistance of this kind has become a practical necessity in the modern world, and "the lesser evil" is "a necessary evil." The Popes often recommend that the State do its duty in the way of social insurance, unemployment compensation, and the like. But aside from this lesser and necessary evil of State subsidy, the Pope's program is that the redemption of the non-owning workers is to come from themselves. They are to buy their own way to independence out of their own wages. Hence in Catholic teaching, the term *just wages and salaries* means not merely sufficient wages to make a living and support a family. Rather, in order to be *just*, the amount of *wages* must be sufficient to enable the wage-earner to *set something aside*, put "money in the bank," and thereby *advance to the state of possessing some little property*, i.e., to the *redemption of the non-owning workers*.

(1) Encyclical *On the Condition of Workers*, n. 61.

3. The term *possessing some little property* thus means in general having some source of income or some reserve fund over and above the weekly pay envelope. Practically, this will mean the ownership of real estate, stock, or bonds, or "money in the bank." And note again that this reserve fund is to come out of the workers' wages according to the Pope's words: *but except from pay for work, from what source can a man who has nothing else but work . . . set anything aside?*

4. The American Bishops have spoken very clearly on this point. In their 1940 statement on *The Church and Social Order* they say (n. 40): "The first claim of labor, which takes priority over any claim of the owners to profits, respects the right to a living wage. By the term living wage we understand a wage sufficient not merely for the decent support of the working man himself but also of his family. A wage so low that it must be supplemented by the wage of wife and mother or by the children of the family before it can provide adequate food, clothing and shelter together with essential spiritual and cultural needs cannot be regarded as a living wage." And in n. 41, they add: "Furthermore a living wage means sufficient income to meet not merely the present necessities of life but those of unemployment, sickness, death and old age as well. In other words, a saving wage constitutes an essential part of the definition of a living wage."

5. The *teachings of Leo XIII* on wages are *explained and developed* here in n. 64-5: the Church's stand on the wage contract. His *precepts are explained and developed* in n. 66-75: the Church's directions for determining when wages are just.

6. *This question of wages—one "of very great importance"* . . . It is important not only from the economic standpoint, but also from the moral; not only to the common good of society, but to religion and the salvation of souls.

7. The question of wages is a moral question because the observance of the moral law in a family often depends on the wages the breadwinner is receiving. This dependence is especially true in the matter of birth control or contraception. The reason often alleged for the practice of contraception is the fact that wages are so low that more children cannot be afforded.

Section 1. Church's Stand on Wage Contract.

64. *First of all, those who declare that a contract of hiring and being hired is unjust of its own nature, and hence a partnership-contract must take its place, are certainly in error and gravely misrepresent Our Predecessor whose Encyclical not only accepts working for wages or salaries but deals at some length with its regulation in accordance with the rules of justice.*

Working for Wages
Not Essentially
Wrong

1. It was the "would-be reformers" again who declared that *a contract of hiring and being hired is unjust of its own nature*. One of the would-be reformers, Dr. Karl Lugmayer, for instance, declared in his book, *Outlines of a New Society*, that it is unnatural to speak

of working for someone else; "every man," he says, "by nature works first of all for himself and his family." (See Linzer *Quartalschrift*, 1927, p. 718.)

65. *We consider it more advisable, however, in the present condition of human society that, so far as is possible, the work-contract be somewhat modified by a partnership-contract, as is already being done in various ways and with no small advantage to workers and owners. Workers and other employees thus become sharers in ownership or management or participate in some fashion in the profits received.*

**But to Be
Modified by
Partnership**

1. Note carefully here that the Pope does not demand that the partnership-contract take the place of the work-contract; he only suggests that it be used only *so far as is possible*, and that it should not supplant, but only *somewhat modify* the wage contract. Note that the Pope is not speaking of cooperatives here; for in cooperatives there is no distinction between employer and employee.

2. Workers become *sharers in ownership*, aside from actual partnership in small businesses, when they acquire stocks or bonds in the corporation for which they work. The extent of this form of partnership in American business has been insignificant. The Industrial Relations Counselors' investigation in 1937 found only two companies in which there were active plans providing profit sharing combined with ownership by employees of at least a majority of the common stock: American Cast Iron Pipe Company, Birmingham, Alabama, with 1,100 employees; and the Columbia Conserve Company, Indianapolis, with 100 employees; and since 1937, the latter firm has gone out of business.

3. Workers become *sharers in management* when they have a voice in the handling of matters like production problems, money or labor saving devices, manpower needs. American businessmen have resisted with horror the practice of worker sharing in management, as an invasion of the prerogatives of management, or an unwarranted "finger in the pie." Until the late 1930's, indeed, there were only a few scattered instances of the practice in the United States. It was to be found in the Baltimore and Ohio Railway shops, in the printing industry, and in the men's clothing industry (where the Amalgamated Clothing Workers union at times even loaned money to management in order to save bankrupt firms). In the middle 1930's the Tennessee Valley Authority (see below n. 114/2) promoted within its own domain the establishment of what it called "cooperative committees" between labor and management, precisely for the discussion and adjustment of production problems, manpower needs, technical improvements. These "cooperative committees" were very successful, and later served as models in other attempts at labor-sharing in management. About 1940 the CIO began to urge its proposal for "industry councils,"—that is committees made up of labor and management for collaboration on their joint problems,—a real sharing in management by labor. With the coming of World War II in 1941, the idea was taken over by the War Production Board, and during the war there were as high as 4,881 such labor-management committees in factories throughout the

country. They covered more than six million workers, and were to be found in plants employing less than 100 workers up to those employing more than 40,000.—It is to be noted that the Pope's recommendation of management sharing by workers is bound up with the great central point taught in *QA*, namely the Pope's urging of the introduction of the system of the "orders." In n. 81 ff. he lays it down that the only complete solution and settlement of the problem of class war will consist in the establishment of organized, self-governing collaboration between labor and management in the system of the "orders."

4. Note that the "industry councils" urged by the CIO are entirely different from what are called "industrial councils." An industrial council is a committee made up of the representatives of the labor unions (with no representation of management) in a certain locality, — e.g., Michigan Industrial Council, Milwaukee Industrial Council. Its function is usually to promote public relations and to carry on lobbying activities for labor legislation. It does not directly concern itself with labor union business.

5. Workers *participate in some fashion in profits received* when there is a definite system in their firm whereby they get a share in the profits along with the stockholders. In the United States, the most successful instances of profit sharing have been: 1) Louisville Varnish Company, Louisville, since 1885. 2) Joslyn Manufacturing and Supply Company, Chicago, since 1918. In general, however, such plans have not been very common nor very successful. There have been only about 200 profit sharing plans in operation since 1900; their average life was only about twelve years. The main reason for their discontinuance was "decline in profits," but in an almost equal number of cases, the reason was "employee apathy and dissatisfaction." This was caused by the fact that sometimes the profits given the employees were so small as to be insignificant, and sometimes because the profit-sharing plan was put in to fend off demands for higher wages. Such were the findings of an investigation by the Industrial Relations Counselors in 1937. In 1939 Senators Vandenberg and Herring conducted a Senate Investigation into the same field, but seem to have included under the term "profit-sharing" any arrangement by which a company gives extra money to employees, whether it is the regular policy or "plan" of the company or not. The Senate Investigation Report, and the accompanying Report of its Staff Committee, convey the idea of being much less objective in their inquiry than was the investigation of the Industrial Relations Counselors. — Note the interesting fact that although profit-sharing plans have received much more publicity in the general press than management sharing schemes, it is nevertheless true that in 1945 in the United States there actually were about 25 management sharing systems in operation for every single profit sharing plan.

Section 2. How Determine a Just Wage.

66. *The just amount of pay, however, must be calculated not on a single basis but on several, as Leo XIII already wisely declared in these words: "To establish a rule of pay in accord with justice, many factors must be taken into account."* (1)

**False View
Condemned**

(1) Encyclical *On the Condition of Workers*, n. 31.

1. *To establish a rule of pay in accord with justice, many factors must be taken into account . . .* Pius XI names three of these *many factors* further on in *QA*; namely, the support of the workingman and his family (n. 71); the condition of the business (n. 72-3); and the requirements of the common good (n. 74-5). Hence, in answer to the question: would \$3500 per year be a just wage for the average American worker at 1941 prices, the first *factor* to be considered is this: would it take \$3500 in 1941 to support the kind of family the Pope has in mind when he calls for a "family" wage? The next *factor* is this: has the employer the ability to pay? Can he afford to pay \$3500 to his workers? And the third *factor* is: supposing that \$3500 per year is a just wage according to the Pope's doctrine, and supposing the company can afford to pay it,—how will such a wage affect the general welfare? Will it tend to raise prices, restrict production, bring on unemployment?

2. Besides these general *factors to be taken into account*, there are other particular factors governing the justice of the wages of individual workers in particular cases. For instance, is the worker in question an able-bodied man, or is he physically or mentally handicapped? Is he skilled or unskilled at his trade? How much of his wages is "take-home pay,"—i.e., what part of his wage remains to be taken home after deductions have been made for various obligations to the company, the government, and the union? If pay is reckoned by the hour, how many hours does he work per week, and how many weeks per year?

67. *By this statement he plainly condemned the shallowness of those who think that this most difficult matter is easily solved by the application of a single rule or measure—and one quite false.*

1. The *shallowness* is the opinion of the "intellectuals" referred to above in the section on "Capital and Labor" (n. 55)—that "all products and profits, save only enough to repair and renew capital, belong by very right to the workers."

68. *For they are greatly in error who do not hesitate to spread the principle that labor is worth and must be paid as much as its products are worth, and that consequently the one who hires out his labor has the right to demand all that is produced through his labor. How far this is from the truth is evident from what We have already explained in treating of property and labor.*

69. *It is obvious that, as in the case of ownership, so in the case of work, especially work hired out to others, there is a social*

**True View: The Individual
and Social Character
of Work**

aspect also to be considered in addition to the personal or individual aspect. For man's productive effort cannot yield its fruits unless a truly social and organic body exists, unless a social and juridical order watches over the exercise of work, unless the various occupations, being interdependent, cooperate with and mutually complete one another, and, what is still more important, unless mind, material things, and work combine and form as it were

a single whole. Therefore, where the social and individual nature of work is neglected, it will be impossible to evaluate work justly and pay it according to justice.

1. Note that in this paragraph Pius XI is not dealing with wages, but with the true value of human labor; having established this value, he goes on to treat wages in n. 70 to n. 75. This procedure is logical; for wages are the value of labor expressed in money.

2. The doubts referred to here turned about the following point. In RN n. 34 (63), Leo XIII laid down as his doctrine that wages are just when they are sufficient "to support a worker who is thrifty and upright": i.e., the measure of justice in wages is the support or the needs of the worker. But the medieval theologians had held that wages are just when they are equivalent to the actual labor done by the worker; i.e., the measure of justice in wages is the labor done by the worker; and Leo XIII himself, in an audience to a pilgrimage of French workers on September 19, 1891, declared: "perfect justice requires that wages correspond adequately with the work done." The seeming contradiction between these two views had given rise to this doubt: was the justice of the wage to be measured by the needs of the worker, or by the work he actually performed? By the cost of living, or by the employer's ability to pay?

3. This comes back to a doubt as to what is the true value of human labor. Is it labor's capability to make a living for oneself and one's family, or is it labor's capability, especially when "hired out to others," to contribute to the production of economic goods for society?

4. Pius XI in solving these doubts calls the first capability—that of making a living for oneself and one's family—the *personal or individual aspect* of labor, and the second—that of contributing to the production of economic goods for society—the *social aspect of labor*. And he solves the doubts on the matter by saying that both values or capabilities or aspects are present in human labor, and both must be considered to *evaluate work justly and pay it according to justice*. Hence labor will be *evaluated justly* and wages will be *according to justice* not only when the wages paid are at a living family level, nor only when they are what the employer can afford to pay, but when they are both the one and the other; that is to say, when the wage that the employer can afford to pay is a living family wage. And in case employers are unable to pay such a living, family wage, in other words, in case there is an inequality between the social and the individual value, and the social value is less than the individual value, the Pope gives here in n. 69 four remedies for this evil situation. The commentary will now treat in detail some comparisons between the individual and the social value of labor (69/5-8), then in particular the individual value (9-12), the social value (13-15), the remedies suggested by the Pope for the evil of inequality between the individual and the social value of labor (16-30), and a conclusion and summary (31-33).

5. *The personal, individual aspect of human work or labor . . . this is its purpose, capacity, or value, as a means given by God to the individual worker, to support himself and his family. The social aspect is its purpose, capacity, or value, as a factor in the production of economic goods or services for society. Note that human labor has these two*

aspects even when not *hired out to others*: the labor of the farmer, craftsman, shopkeeper is the means whereby he is to support himself and his family, and is also something which contributes to the general welfare of society; for by his labor, he supplies society with certain economic goods and the price he receives for them serves to support his own family.

6. The Pope speaks of this twofold aspect of human labor—individual and social—*especially of work hired out to others*, because work hired out to others is the only work which involves wages; and because it involves special considerations of the individual and social value of labor. Work hired out to others has its *individual* value: it is still something destined by God, Who gives individuals their working powers, to provide a living for the worker and his family; but its *social* value is twofold: 1) it is something which can contribute, as labor actually performed, to the particular success of the business in which it is “hired out,” or of the capital with which it is associated (for it is a “social” thing when “associated” with capital); and 2) it is something which can contribute to the general prosperity of society or to the common good (for thus it is a “social” thing by reason of the good it does to “society.”).

7. The *individual* value of human labor is derived from God and from human nature itself, i.e., from the mental and physical qualities that go to make up a man’s working power. The *social* value is dependent on the conditions prevailing in economic life in general, and those prevailing in the business firm which hires the worker in particular. The difference between them may perhaps be compared to the difference between the “book value” and the “market value” of stocks and bonds. The book value of stocks and bonds is based upon the assets of the firm itself; while the market value is determined by the nature and conditions of the stock exchange.

8. The *fruits of man’s productive effort*—i.e., the various results which human labor should achieve—follow on the various aspects or capabilities of labor. These *fruits* are: 1) The support of oneself and one’s family in decent comfort, as intended by nature and nature’s God; this follows on the individual aspect of labor. 2) In labor hired out to others, a contribution to the success of the business, which should be worth as much to the business as the same labor would have been worth to the worker’s family, if the worker had stayed home and worked a plot of ground just for the support of the family. For the labor which is capable of producing enough goods to live on at home, should be capable of producing still more goods when put to work in a factory, aided by all kinds of machinery and labor saving devices. And this contribution which a worker when associated with capital can make to the success of the business of economic production follows on or is one of the *fruits* of the *social aspect* of labor. 3) In a more general sense, a connection with the good of society at large or the general welfare or prosperity, by the goods produced in conjunction or in association with capital; and this contribution too follows on the social aspect of labor. Indirectly, the *fruits of man’s productive effort* mean also full employment of the nation’s workers.

9. Regarding the *individual aspect* or value of labor in particular, there are various difficulties or objections frequently alleged against the Church’s stand, all based on misunderstanding or ignorance of her teach-

ing. The first difficulty is: when it is claimed that human labor in its individual aspect is the capability of supporting oneself and one's family, does the Church mean that the work of every person in the world has this value, and that consequently a living, family wage must be paid to every worker, regardless of age, infirmity, or mental deficiency? And the answer is: certainly not. The Church is giving general doctrine here, and hence is speaking of the general run of average, able-bodied workers. The labor of the average, able-bodied worker is capable of supporting himself and his family; but if a worker is below the average,—too young or too old, physically disabled or infirm or mentally deficient—then his labor has not a living, family value, and the employer is not bound in strict justice to pay him a living, family wage. See below (n. 71/6-7).

10. Note that the average able-bodied man should be naturally able to support an average family; i.e., the natural, living, family value of human labor is its ability to support an average family. Nature and nature's God gave the average worker his working power precisely as a means to support a family. This means practically that if an average man's labor is *hired out to others*, then the price he is to receive for his labor, as fixed by nature and nature's God, is a wage that will support an average family. See below (n. 71/8-9).

11. As to the size of this average family, it must be borne in mind that the "average family" which the average man is intended by nature and nature's God to be able to support with his working powers is the average family in the designs of God and of nature, not the average family as unnaturally restricted by artificial birth-prevention. But what will be the size of this average family as intended by God and nature is hard to determine. An estimate, however, might be based on the command of Almighty God: "increase and multiply" (Genesis 1/28, 9/1), taken together with the findings of statisticians (see de Guchteneere, "Judgment on Birth Control," pp. 82-3) that the average family must have three or four children if the population is to remain at a stationary level. Hence the average family must have more than three or four—at least four or five children—if the human race is to "increase and multiply." Note carefully that it is said the "average" family, not "every" family, must have four or five children in order to comply with the divine command: "Increase and multiply".

12. It might be objected here that if the average man with his working powers could naturally support only a family of six or seven, it would follow that the natural law requires families to be limited to this number. The answer to this objection is that the natural law does not require that a man depend only upon his own working powers to support his family; in fact, just the opposite. The natural law inclines and requires men to unite in civil society (see below n. 71/7) so that by working together, they may all be able to obtain the things they could not obtain working separately: enough and to spare for the largest families. The *fruits of man's productive effort* include not only the support of the average worker and his family, but general prosperity, which in turn includes the support of even the largest families.

13. It was said above (n. 69/7), that the social value of labor is dependent on general economic conditions, and on the conditions of the employer's business in particular. The reason for this is because human

labor, when hired out to others, cannot achieve its purposes of promoting production and the common good unless certain social conditions are present; or as the Pope says: because *man's productive effort cannot yield its fruits unless a truly social and organic body exists, unless a social and juridical order protects the exercise of work, etc.* This means practically that unless the social conditions enumerated by the Pope are present, the value of human labor to a firm is not sufficient to make possible the payment of a living family wage, i.e., unless these social conditions are present, the social value of labor will be less than its God-given individual value.

14. Note that the *social* value of labor resembles the market value of stocks and bonds. Both are dependent on social and economic conditions. For instance, regardless of how valuable certain stocks may be in themselves, if sellers are more numerous than buyers on the market, or if certain dishonest manipulations of the market are carried on because of the absence of due regulation of the stock exchange, the market value of stocks and bonds goes down. In the same way, while it remains true that God and nature intend human labor to have a living family value, still, if there is an over-supply of cheap labor, if there is no labor legislation, no unions nor collective contracts, the social value of labor if expressed in money, likewise goes down. Instead of having an equal value with the individual aspect of labor, as it should, the social value becomes far less.

15. In these cases, regardless of what the book value of stocks, and the individual value of labor may be, the market value of the stocks, and the *social* value of the labor, really goes down. Hence a bona fide investor would be acting in accord with strict justice if he bought stocks at their market value, even though he knew that the market value was much lower than their actual book value. Hence also an honest and enterprising employer would not be acting contrary to strict justice if he paid the wages it was possible for him to pay under existing conditions, even though he knew they were less than a living family wage. He would of course have the obligation in social justice to do his part in order that *changes be introduced as soon as possible whereby such a wage will be assured to every adult workingman*; this is the doctrine of Pius XI, below (n. 71; see n. 71/19; 73/3 ff.).

16. Note that here the Pope does not specify just what are the *existing conditions* as he calls them in n. 71, which lower the social value of labor. In this n. 69 he only suggests four reforms or remedies (or *changes* as he calls them in n. 71) that must be introduced in order to restore human labor to its true worth. These remedies are: 1) the formation of *a truly social and organic body*, i.e., the system of the "orders" to be described in n. 81 ff.; 2) the establishment of *a social and juridical order etc.*, i.e., collective contracts and labor legislation; 3) cooperation between the *various occupations*, i.e., regulation of business competition and monopoly; see below (n. 75/5 ff., and n. 88-89); and 4) cooperation between *mind, material things, and work*—(that is, between management, capital, and labor),—i.e., some share in management for labor.

17. But note the interesting fact that the remedies or *changes* here suggested by Pius XI seem to correspond more or less exactly with certain "evils" mentioned by Leo XIII in *RN* n. 2(6), as causes of the "miserable and wretched condition" of the poor. Leo XIII's first evil is the destruc-

tion of the guilds; Pius XI's first remedy is the establishment of the system of the "orders," i.e., organized collaboration and self-government in industry for the general welfare. Leo XIII's second evil has to do with "public institutions and legislation"; Pius XI's second remedy is "a social and juridical order." Leo XIII's third evil is "devouring usury . . . under another form," i.e., monopoly in business; Pius XI's third remedy is the regulation of business competition and monopoly. Leo XIII's fourth evil is the "slavery" of the poor; Pius XI's fourth remedy is a share in management for labor.

18. The first evil—the absence of "orders"—is a general one and involves the other three; for the system of the "orders" would include collective contracts, labor legislation, control of competition and monopoly, and labor's due share in management. As a special evil, then, distinct from the other three, the Pope would seem to be indicating that the absence of organized collaboration in industry leaves the relations of capital and labor in a state of disorganization which "turns the labor market itself almost into a battlefield" (infra n. 83) in which the workers fight with each other for jobs and with capital for wages and working conditions. In short, then, the evil here is an oversupply of cheap labor which brings down the value of labor generally; and the remedy is organization in the system of the "orders" which will put order and cooperation into the relations of workers among themselves and with capital (infra n. 84/14 ff.).

19. The second cause or evil is the absence of proper regulation of wages, hours, and working conditions, which enables the unscrupulous employer to bring down wages, etc., below a living level, and so lowers the value of labor in the whole industry; for in a general way, as things are at present, the social value of labor may be said to be what the honest employer can afford to pay in wages; and if unscrupulous competitors are underselling him because they pay low wages, the honest employer cannot really afford to pay living wages and still stay in business.

20. A *social and juridical order* is a definitely recognized and established system or code or constitution of all the relationships, rights, and obligations existing between members of a certain group. For instance, the general relationships, rights and obligations of citizens of the United States are set up in what may be called the "general social and juridical order" of the country by the Constitution of the United States, especially the Bill of Rights. What the Pope calls for here in particular is a setting up of the particular relations, rights, and obligations of labor and capital in their own particular *social and juridical order*.

21. Leo XIII explains how this result is to be achieved in *RN* n. 25-35 (46-67). His doctrine is that in general, it is the function of the State to establish the particular *social and juridical order* described, by the enactment and application of laws covering wages, hours, working conditions. In particular, however, he states, *RN* n. 34(64), that preferably this particular *social and juridical order* should be initiated at least by collective contracts between employers and labor unions, covering all the firms in an industry. And the Code of Social Principles declares (n. 141): "Under the present system, the organization within an industry of parallel and distinct groups of employers and employed, establishing mutual collective labor agreements, and setting up permanent organizations of contact

by joint committees with equal representation, provides the best probability that justice will be observed in regard to wage rates."

22. This legislation and these collective contracts covering an entire industry will have the effect of making it impossible for the unscrupulous employer to underpay his workers and thereby undersell his honest competitors. They will also have the effect of liberating the honest employer from the position of being forced by competitors to underpay his workers. In other words, the social value of labor will not be at the mercy of such an unscrupulous employer, but will be maintained at least somewhere near a living family value.

23. In the United States, legislation on conditions of labor—safety and sanitation, etc.—has been fairly successful. Child and woman labor has been restricted by legislation in most States, but in others, especially in the Southern States, very little has been done. Minimum wage laws have been passed by various States, but have had a strange career before the United States Supreme Court, which held in 1917 that they were constitutional; in 1923, 1925, and 1936, that they were unconstitutional (on the strange ground that they violated the Fifth Amendment of the Constitution: "No person shall be deprived of life, liberty, or property without due process of law"); and in 1937 again that they were constitutional. In 1938 came the Fair Labor Standards Act, with the object of "putting a floor under wages and a ceiling over hours." In 1941 the Supreme Court unanimously ruled it constitutional.

24. The actual extent of collective contracts in the United States was given above (n. 30/8 and 30/28). The outstanding example is that of the railway industry, where the powerful railway brotherhoods of workers have collective contracts with the various railroads. The coal industry also has something approaching a *social and juridical order*, covering the greater part of the industry, and established by collective contracts between the mine owners and the United Mine Workers, of which John L. Lewis is President. The steel industry, too, has an approach to a *social and juridical order*, consisting of collective contracts between more than six hundred steel firms and the USA — United Steelworkers of America — of which Philip Murray was organizer and first head. Note that the constitution adopted in November, 1939, by the CIO has among its objects the setting up of this *social and juridical order*. It reads: "the objects of the organization are . . . 2. to extend the benefits of collective bargaining and to secure for the workers means to establish peaceful relations with their employers, by forming labor unions capable of dealing with modern aggregates of industry and finance; 3. to maintain determined adherence to obligations and responsibilities under collective bargaining and wage agreements. . . ."

25. The third evil, or cause of low social value of labor, is lack of cooperation between farming and industry, and between various other branches of business, often caused by unscrupulous speculation on the market or monopolistic practices. The following factors are present: 1) lack of proportion between farm prices and industrial prices, due often to what are called "administered prices"—i.e., price fixing by large firms in combination; and 2) the fact that a raise in wages is usually accompanied by a rise in prices. Such a condition only results in farm and industrial

"overproduction,"—i.e., not more products than people can use, but more than they have money to buy—and causes the laying off of workers, thus lowering the social value of labor, since it brings about an oversupply of labor.

26. As a remedy for this evil, the Pope proposes that *the various occupations*—i.e., farming, mining, manufacturing, transportation, marketing—*cooperate with and mutually complete one another*, in other words, he proposes some regulation of business competition in general. The same proposal is made in the Encyclical "Atheistic Communism" (n. 53): "It happens all too frequently, however, under the salary system, that individual employers are helpless to ensure justice unless, with a view to its practice, they all organize institutions the object of which is fair treatment for the workers. Where this is true, it is the duty of owners and employers to support and promote such necessary organizations as normal instruments enabling them to fulfil their obligations of justice."

27. In the United States, this remedy has been applied in various ways. The Bituminous Coal Act, or the Guffey Coal Act of 1937, for instance, was an effort to regulate prices, production, and marketing in the soft-coal industry, regulation of which is done by representatives of the industry itself and of the general public, with stimulation from the Federal Government. The Agricultural Adjustment Administration is an effort to raise farm prices to "parity" with industrial prices. During World War II, President Roosevelt's "national economic stabilization policy" was also an attempt in this direction. See below (n. 75/5 ff.).

28. The fourth cause or evil which brings down the social value of labor is lack of harmony and unity between labor and capital, and in its stead hostility, suspicion, and grudging concessions;—which surely keep labor from contributing what it should to business; that is, as the Pope says, labor *cannot yield its fruits*,—i.e., its social effectiveness or value is less than it should be. Note that the words *mind*, *material things*, and *work* in the text are literal translations of the classical Latin "Intellectus, res, et opera"; the Pope is clearly referring to the modern concept of "brains, capital, and labor."

29. As a remedy for this evil, the Pope proposes that brains, capital, and labor *combine and form as it were a single whole*, which seems again a call for the system of the "orders" to be described in the next part of the Encyclical. In this system, all the factors are directed to the common good of the industry, whereas in present arrangements, emphasis and custom and even laws all are pointed towards the individual good, or at least the good of one class against another. Besides, in modern large-scale production, such as the automobile industry, labor is often used only for a small portion of its capacity. An able-bodied man, for instance, works all day merely tightening bolts on machines. This hardly seems "cooperation between brains, labor, and capital"; for labor is being used only like a trifling piece of machinery.

30. In the United States, as an application of the remedy here urged, there was a very striking move towards cooperation between "brains, capital and labor," in a proposal made in 1938 by the SWOC—the Steel Workers' Organizing Committee. This great industrial union of steel workers, in 1942 became the USA, The United Steelworkers of America. The 1938

proposal was made in a pamphlet called *Production Problems*. The union there offered to employers some definite proposals as to ways and means by which the union or labor itself would cooperate with brains and capital "to reduce costs, enlarge sales, improve quality, and in general to advance the interests of the industry." In such a plan, too, in large scale production, labor will be making up for its trifling material contribution—such as tightening bolts all day—by its contribution of personal interest and brains. This is true also of the "Murray Plan" of Industry Councils; for though directed during World War II toward aiding the national war effort, it was intended ultimately for work in peace time. At the end of 1944, there were about 5,000 of these Industry Councils, made up of representatives of labor and management, in American firms all over the country. See above (n. 65/3).

31. Note that these four evils actually and obviously bring down the value of the contribution a worker is able to make to business and society,—i.e., they bring down the social value of labor. Consequently (as will be seen shortly, n. 72-3) an employer who is himself the victim of these evils is not bound in strict justice to pay labor any more than its social value (just as a bona fide investor is not obliged to pay more than the market value for stocks and bonds),—but he is obliged in social justice to work for the remedying of these social evils.

32. To summarize the reasons why both individual and social value of labor must be kept in mind, the facts are these: God and nature gave man his *individual* working powers as a natural means to support himself and his family, and also gave him his *social* inclination to live and work with others as a natural means to supply for what he could not do alone. But on the other hand, the *social* conditions under which he must work often fail in their natural purpose of supplying him with an abundance of earthly goods, and even often fail to supply him with the equivalent of what his *individual* labor should provide, that is, a decent living for himself and his family. It is clear that to overlook any one of these facts leads to a wrong estimate of the worth or value of human labor; for to consider the *individual* aspect of labor exclusively leads to an estimate that will not square in justice with the worth of labor in modern society; and to consider the *social* aspect exclusively leads to an estimate that will disregard what nature and God intended human labor to be worth.

33. And the reason why it is necessary to consider both these aspects in order to determine what is a really just wage is because today wages are regarded as the value of labor expressed in money, and if the true value of labor, both individual and social, is unknown, wages can hardly be just. Note that the value of human labor, being something that is invested with human dignity,—i.e., with the nobility of creation by God, redemption by Christ, and a supernatural destiny,—cannot ever be exactly "expressed in money." But when a man's labor is *hired out to others* for wages, the question of money necessarily enters into the case; and there is at least a minimum of money which then can be said to "express the value of labor," or as Pius XI says, can *pay it* (i.e., human labor) *according to justice*, and as Leo XIII says, can "correspond adequately with the work done."

70. *Conclusions of the greatest importance follow from this two-fold character which nature has impressed on human work, and it is in accordance with these that*

Wages: Three Points To Be Considered *wages ought to be regulated and established.*

1. Above, n. 66, Pius XI quoted Leo XIII's words: "To establish a rule of pay in accord with justice, many factors must be taken into account." Now (n. 70-75), Pius XI selects *three points to be considered* out of the "many factors to be taken into account."

2. The *three points* may be summarized briefly as follows. 1) The average able bodied worker is entitled to a living, family, saving wage (n. 71), 2) insofar as the condition of the business of the employer gives him the ability to pay such a wage (n. 72-3), and 3) insofar as such a wage is in accord with the requirements of the common good (n. 74-5).

3. Pius XI says that these *three points follow from the two-fold character which nature has impressed on human work*. 1) Human work or labor has an "individual character," or inward value of its own, given it by nature and nature's God. It is a man's natural God-given means of self support, of making a decent living, of founding and raising a family, and if he is a "non-owning worker" of attaining to financial independence (above n. 63/2-4 and 69/7 ff.). It *follows*, then, from this individual character *which nature has impressed on human work* that nature and nature's God have so to speak put a price tag on human labor; and when labor is "hired out to others" the price or the wage fixed by nature and nature's God is a living, family, saving wage. 2) Human work or labor in the modern industrial world, moreover, has a "social character" or a "social aspect." It is something which when *associated* with capital can contribute to economic production (above n. 69/6 ff.). But the value of this contribution is dependent upon business conditions, especially conditions in the business firm for which a man is working. It *follows*, then, from this "social character" of human labor that if business conditions make it impossible for the honest and enterprising employer to pay a full living, family, saving wage, he is bound to pay only what he has the ability to pay. In that case, however, both employers and workers must collaborate for the remedying of these evil business conditions. — 3) Moreover, human labor and wages have a direct influence on general prosperity in society or on the common good. It *follows, then*, from this further "social character" of labor that wages must not be such as to have an unfavorable effect upon the workers' own way of living, upon full production and full employment, upon the wages of other workers, and upon the prices of the goods they have to buy (n. 74-5).

4. During the General Motors wage dispute of 1945-6 the Pope's *three points to be considered* were made the basis of the United Automobile Workers' demand for higher wages (although no explicit reference to the Pope was made). The arguments in favor of the raise in wages presented by Walter Reuther, then Vice-President of the union, were as follows: 1) The workers needed a 30 per cent raise so that they would have a living wage,—i.e., so that their wages would be able to meet the rise in the cost of living between 1941 and 1946 (QA n. 71). 2) The condition of the business of General Motors Corporation gave the corporation

the ability to pay (*QA*, n. 72-3). 3) The raise of 30 per cent in auto workers' wages would benefit national prosperity, the wages of other workers, and could and should be granted without a raise in the prices of cars. (*QA* n. 74-5).

5. Similarly, the United Steelworkers of America based their claims for a \$2.00 a day raise in the 1946 strike on arguments that might have been taken from this section of *QA*. Philip Murray, President of the Steelworkers, published a little booklet: *Steelworkers Need a \$2.00 a Day Increase*, giving three reasons why the demand for the raise was justified. So closely do the "three reasons" follow the *three points to be considered* of *QA* that one would think Philip Murray had *QA* before him as he wrote the pamphlet. He says: "The United Steelworkers of America demand for a \$2-a-day increase is justified because: a) Steelworkers need the increase to enable them to have a standard of living consistent with the minimum requirements of health and decency" (*QA* n. 71). "b) The Steel Industry can pay the increase and still make greater profits after taxes than in the extremely prosperous war years" (*QA* n. 72-3). "c) Unless the need of the steelworkers is met and the income of the industry distributed more equitably, America will be plunged into the worst economic collapse of our history" (*QA* n. 74-5). In December, 1946, the Robert R. Nathan Associates, Inc., of Washington, D. C., internationally known economists, published an analysis of the wage situation in the United States, undertaken at the request of the CIO, and entitled *A National Wage Policy for 1947*—often called the *Nathan Report*. Its final conclusion (p. 13) is also based on these *three points* of *QA*: "The facts all lead to the conclusion that not only from the worker's point of view" (point 1) "but also for the benefit of the whole economy" (point 3), "a further substantial wage increase without a general price increase is possible, justifiable" (point 2), "and essential" (points 1 and 3). The excellent monthly publication of the CIO Department of Education and Research, *Economic Outlook*, especially in its two special issues: *CIO's 1947 Wage Case*, and *CIO's 1948 Wage Case*, does the same: bases its case on the *three points to be considered* as given here in *QA*.

6. By way of contrast with this attitude of two great American labor unions, and of the CIO in general, the management of General Motors Corporation and of United States Steel Corporation took a stand during these disputes which to say the least was not based on Catholic social teaching; in some ways, indeed, it was quite contrary to the Pope's teaching. For instance, in reply to the three arguments presented by Walter Reuther for the 30 per cent raise for auto workers, the management of General Motors 1) disregarded the first point—on the need and right of a worker to a living family wage; 2) flatly and repeatedly denied that the condition of the business or ability to pay was a *point to be considered*; 3) declared that the *requirements of the common good* was a matter too uncertain to be a *point to be considered* in wage negotiations. It would appear that the only *point to be considered* in General Motors management's calculations was: what is the lowest wage we can manage to pay; indeed, representatives of management gave a name to this "lowest" wage, calling it "the going wage"; and openly asserted that they were determined to pay no more than "the going wage".

71. In the first place, the worker must be paid a wage sufficient to support him and his family.⁽¹⁾ That the rest of the family should

**Support
of the Worker
and his Family**

also contribute to the common support, according to the capacity of each is certainly right, as can be observed especially in the families of farmers, but also in the families of many craftsmen and small shopkeepers. But to abuse the years of childhood and the limited strength of women is grossly wrong. Mothers, concentrating on household duties, should work primarily in the home or in its immediate vicinity. It is an intolerable abuse, and to be abolished at all cost, for mothers on account of the father's low wage to be forced to engage in gainful occupations outside the home to the neglect of their proper cares and duties, especially the training of children. Every effort must therefore be made that fathers of families receive a wage large enough to meet ordinary family needs adequately. But if this cannot always be done under existing circumstances, social justice demands that changes be introduced as soon as possible whereby such a wage will be assured to every adult workingman. It will not be out of place here to render merited praise to all, who with a wise and useful purpose, have tried and tested various ways of adjusting the pay for work to family burdens in such a way that, as these increase, the former may be raised and indeed, if the contingency arises, there may be enough to meet extraordinary needs.

1. Note carefully just what the Pope does in treating the first point: "Support of the Worker and his Family." First, he lays down the general principle that the minimum wage in commutative justice which an employer should pay is a living family wage (n. 71/1-15),—incidentally, condemning child and woman labor in unmistakable terms (n. 71/16-17). Note that "commutative justice" is the justice which obliges a man to pay his debts, and which if violated binds to restitution. Secondly, he qualifies this general principle by stating that if *existing circumstances* make it impossible to pay a family wage, social justice requires that reforms be introduced without delay to make it possible (n. 18-20). And thirdly, he speaks a word of praise for certain movements already inaugurated 1) to make a family wage possible, and 2) to make special provision for *extraordinary needs* (n. 21-28).

2. The Pope does not use the term "commutative justice"; but the fact that he is really declaring that a living, family wage is due in commutative justice is evident in four ways. It is evident first from the very nature of the case. For commutative justice demands that in contracts between men, where goods or services are exchanged, there be as nearly as possible exact equality between the value of the thing given and the value of the thing received. Now since human labor, individually considered, has in the design of God or nature what may be called a living family value—i.e., a capability to provide a living for the laborer and his family—exact equality demands that the wages for which this labor is exchanged also have as far as possible this same living family

(1) Cf. Encyclical. *Casti Connubii*, December 31, 1930.

value. It is evident, secondly, from the Encyclical "Chaste Wedlock" (to which reference is made in a foot-note) which says (American Press edition, p. 38): "to refuse this (family wage) or to make light of what is equitable, is a grave injustice, and is placed among the greatest sins by Holy Writ." It is evident thirdly, from a later passage in *QA* (n. 110) where Pius XI says that the mutual relations between capital and labor *must be made to conform to the laws of strictest justice—commutative justice, at it is called . . .* and of course one of the outstanding "relations between capital and labor" is that of wages. It is evident fourthly, from the Encyclical on Atheistic Communism, n. 31, where Pius XI speaks of "Our own Encyclical on the *Reconstruction of the Social Order*" (i.e., *QA*) and says: "Then . . . We explained clearly . . . , the salary due in strict justice to the worker for himself and for his family."

3. The reason why Pius XI says wages must be sufficient to *meet* just *ordinary family needs* is because the capabilities or value of human labor are sufficient only for ordinary needs; for *extraordinary needs* there would have to be special provision. And since in commutative justice there must be exact equality between value and price, the price of labor—i.e., wages—must in commutative justice be sufficient only to meet ordinary needs. It is social justice that calls for enough for *extraordinary needs*.

4. But this does not mean that the wage due in commutative justice is one that will enable the family to subsist just from payday to payday. Not at all; it must provide the family with the comfort befitting their station, must enable the father to set up his children in life, lay aside something for a "rainy day," and "advance to the state of possessing some little property" (above n. 63/2 and 3); all this is comprised in the wage due in commutative justice. The Catholic doctrine on this is summed up in the "Code of Social Principles" (n. 136): "A living wage, providing for the maintenance of the worker and his family, and for insurance against risk of accident, illness, old age, and unemployment is the least wage" (i.e., the minimum wage) "due in justice from the employer." A worker who does not receive such a wage is a proletarian or a non-owning worker: and as has been seen, the Pope calls for living family wages as a means to "The Redemption of the Non-Ownning Workers." The reason for this is because nature intended man's working powers as a means to support and security; hence if a price is put on them, it must be enough to give support and security.

5. In their 1919 "Program of Social Reconstruction," the American Bishops also come out very plainly on this point: "The several States should enact laws providing for the establishment of wage rates that will be at least sufficient for the decent maintenance of a family, in the case of all male adults, and adequate to the decent individual support of all female workers. In the beginning the minimum wages for male workers should suffice only for the present needs of the family, but they should be gradually raised until they are adequate to future needs as well. That is, they should be ultimately high enough to make possible that amount of saving which is necessary to protect the worker and his family against sickness, accidents, invalidity, and old age." And in the 1940 statement on "The Church and Social Order" they say (n. 41): "A saving wage constitutes an essential part of the definition of a living wage."

6. But not every worker has a strict right to a living, family wage. In strict or commutative justice, wages must be, as far as possible, the equivalent in money of the actual value of labor. Hence a worker whose labor has not a living family value, either because he lacks the physical strength or the intelligence required, has not a right in commutative justice to a living family wage.

7. Still, such individuals have some claim for support. They have a claim in social justice; i.e., a claim on the community, or civil society. There is a natural instinct in all men to seek help from their fellow men, and to be of help to their fellow men. This social instinct is the basis of organized civil society. Men unite in civil society not merely to give each other what is their due according to services rendered in strict justice, but also to give and receive help according to their needs in social justice. Any needs, therefore, that a man has and cannot supply by himself constitute a natural claim on his fellow man, on the community, or civil society. But note that the help which a handicapped individual receives from an employer to support himself and his family is not strictly speaking wages; such help is something over and above the value of his labor. It is help for his needs, not a return for his labor. See below (n. 118/2).

8. Does a single man have a right to a family wage? Yes, if he is an average able-bodied worker. His working powers are the natural, God-given means wherewith he is not only to support a family, but wherewith he is to be able to found a family in the first place. Hence whether the average able-bodied worker be married or single, his labor has a God-given family value, which calls for a living, family wage.

9. A worker with a large family, however, does not have in commutative justice, a right to a higher wage than others with smaller families, if the value of his labor, individual or social (i.e., in itself, or as regards the contribution he makes to economic production) is no greater than that of other workers. But in social justice he has a claim on the community or civil society for as great a share of the national wealth as his family may need—since the very purpose of the community or civil society is to supply its members with what they could not obtain through their own efforts. This obligation to supply larger families with competent incomes rests, as the Pope indicates later (n. 74), surely to some extent on the individual employer, and also on the civil rulers, who as St. Thomas Aquinas says are the “architects” of social justice (or legal justice as it was called in his day) and of the common good.

10. Again, a skilled worker surely has a right to a higher wage than an unskilled worker. He has such a claim in commutative justice, which requires that wages be as far as possible the equivalent of the value of labor; and skilled labor has a greater value than unskilled. This follows from the principles stated by the Pope on the value of labor; in a later section of the Encyclical (n. 74), he also indicates that it will be of benefit to the public economic good, i.e., in social justice, for better work to receive higher wages.

11. To set an actual figure on the cost of the *support of the work-ingman and his family*, “many factors have to be taken into account,” as Leo XIII said. But by narrowing the case down to that of an average able-bodied American industrial worker and his family in the year 1941,

and by basing the estimate on various studies of the cost of living already made in the United States, it becomes possible to set an approximate figure. The support of the workingman and his family, in the view of the Pope, involves three things: 1) the cost of living; 2) the cost of supporting an average family; 3) the cost of redemption from the non-owning or proletarian status,—i.e., the cost of attaining to financial independence. "The cost of living" is to cover the items needed—food, clothing, shelter, education, religion, medicine, recreation—in order to be able to live at the level of "decent support" which the American Bishops declare to be the right of every normal family (above n. 63/4), and which in the United States is known as "the American standard of living." "The cost of an average family" must be sufficient to cover an average of four or five children (above n. 69/11). And "the cost of redemption from the proletarian status" will require in the weekly pay check or the annual wage something over and above the cost of living and the cost of the family, which can be put aside as "money in the bank" and gradually come to be a sum capable of supporting the worker and his family in case the weekly pay check should fail (above n. 59; 61; 63/2).

12. The cost of "the American standard of living" has been estimated by various agencies in the United States, especially since the early 1930's. The 1941 edition of the U. S. Department of Labor publication, *Handbook of Labor Statistics*, summarizes several such studies, and then declares, p. 122: "Many economists use approximately \$2000 as the amount needed at the present time (1941) to provide an urban family of 4 persons with the goods and services included in what is widely accepted as the 'American standard of living.'" Between 1941 and 1948, however, the cost of living for an average American industrial worker's family rose about 65 per cent (according to the consumer's price index of the Bureau of Labor Statistics of the U. S. Department of Labor), bringing the cost of living for 1948 up to about \$3300. Such a figure is of course abnormally high, and can hardly be taken as indicating average costs of living, or even the American standard of living. The figure here used will therefore be that of 1941, namely \$2000. If the reader wishes, he can add for his own calculations whatever amount the cost of living has risen (or fallen) at a given point in the succeeding years. Such calculations have actually been made periodically by various agencies: the Bureau of Labor Statistics, especially in its 1948 bulletin: *The City Worker's Family Budget*; the Heller Committee for Research in Social Economics at the University of California; the Department of Education and Research of the CIO in its bulletin *Economic Outlook*. It might be added that the usually conservative *Reader's Digest* carried an article in May, 1940, which estimated the cost of the American standard of living for a 2-child family in that year at \$3200.

13. Besides the "cost of living," however, the Pope's teaching requires that the "cost of a family" be also included in a just wage. And as has been seen (above n. 69/11) the average family in the designs of nature and nature's God will not be a family limited artificially by methods of contraception, but a family capable of maintaining and increasing the human race, which at the present time means an average family of four or five children. The cost of such a family, moreover, can be estimated on the basis of the deductions allowed for children in the filing of income tax returns by the United States Treasury Department—namely, \$500 per

child. At this rate, if the cost of a health and decency budget in 1941 for a 2-child family was \$2000, then the cost of a 4-child family would be \$1000 more, namely \$3000. (And if the *Reader's Digest* figure for a 2-child family in 1940 is \$3200, the figure for a 4-child family will be \$4200!)

14. The "cost of redemption from the proletarian status" is less easy to put down in actual figures. The Pope says that wage earners are to "advance to the state of possessing some little property" (n. 63), or to "attain gradually to the possession of a moderate amount of wealth" (n. 74). But how much "little property" or "moderate wealth" is this to be? And how many years should be required to complete it? Should it include life insurance or social security income? In reply it may be said that since the "little property" is to serve as a source of income in case the weekly pay check should fail, the figure of \$10,000, as representing the value of the "little property," hardly seems excessive; for at 5 percent interest this would bring in only \$500 a year. And since the "little property" is not merely to be the reward and comfort of old age, but a stay and support during the working years, its attainment should not take longer than 20 years, that is, it should be acquired at the rate of payments of \$500 a year. This \$500 a year, moreover, can include payments on life insurance and social security taxes.—Note that the *City Worker's Family Budget* included only \$85 per year for insurance, and no savings.—Thus a reasonable and conservative estimate of the cost of living, the cost of a family, and the cost of redemption for an average able-bodied American industrial worker in 1941 is \$3500; that is \$67 per week, or for a 40-hour week as prescribed by the Fair Labor Standards Act, \$1.90 an hour.

15. This figure of \$3500 is of course far above what the average American industrial worker was receiving in the year 1941. And considering that American workers are in general better off than any other workers in the world or in the history of mankind, it may be objected that taking \$3500 as a basis for wages is excessive, since some American workers have prospered wonderfully on far less. The answer is that some American workers may be well off indeed (although even in 1948, there were 17 million American families with incomes of less than \$38 per week) but they are not yet as well off as the Pope and the American Bishops declare they should be. The American workers' prosperity even at best has been a structure built up on constant debt, an existence chained to the instalment plan, or maintained by government subsidies,—PWA, WPA, FHA, HOLC, unemployment compensation, social security. Such an existence is that of the proletariat or the non-owning working class, and Pius XI calls expressly for the *redemption of the non-owning workers*, even in the United States. This is to be accomplished, he indicates further, by their receiving wages sufficient to make them independent of debt and government subsidies (n. 63). This is also the doctrine of the American Bishops in the 1919 "Program of Social Reconstruction," as has been seen (n. 49/11). Whether employers have the ability to pay \$3500 a year is, of course, another question,—another *point to be considered*. Here only the first point is being considered: *support of the worker and his family*. In n. 72-3 the Pope will consider the employer's ability to pay,—i.e., the condition of business. And whether the common good will suffer if wages are made to follow the cost of living, no matter how high it rises—in 1948 it was at the highest point in the history of the United States—is still another question to be discussed in n. 74-75: *the requirements of the common good*.

16. As to the Church's stand on child labor, Leo XIII in *RN*, speaking of what is to be done by the State, says, n. 33 (60): "As regards children, special care ought to be taken that the factory does not get hold of them before age has sufficiently matured their physical, intellectual, and moral powers." And Pius XI, speaking in *QA* of "What Civil Authority Has Done," speaks with approval (n. 28) of the various kinds of laws that the nations had passed in favor of the workingman since *RN* and adds as worthy of particular mention and approval, the fact that these laws have "special concern for women and children." In the United States, the Owen-Keating Act of 1916 was an attempt in this direction; but it was declared unconstitutional by the Supreme Court in 1918 by a 5-4 decision. In 1924 Congress passed and submitted to the States for ratification the Child Labor Amendment; but by 1938 only 28 out of the necessary 36 States had ratified it, and there seemed little hope that the required additional 8 States ever would ratify it. The Fair Labor Standards Act of 1938, however, forbids "oppressive child labor" for children under 16—and even 18 in hazardous employments—in interstate commerce. The Supreme Court declared the Act constitutional in 1941, and overruled the 1918 decision with an express reference; thus rendering a Child Labor Amendment to the Constitution unnecessary. The American Bishops in their "Program of Social Reconstruction" in 1919 called for the "abolition of child labor," and branded it as a "reproach to our country." Regarding the Child Labor Amendment, however, Catholic opinion was divided. One group, headed by the Central Verein of St. Louis and the Jesuit weekly "America" of New York, opposed it as giving Congress a power which might be abused and perverted to require all Catholic children to attend public schools; another group headed by the N.C.W.C. of Washington, D. C., supported it as the only practical means of realizing the "abolition of child labor," and regarded the evils feared by the other party as something sufficiently remote to be accepted as the less of two evils.

17. The Church's stand on women in industry is well summed up in the statements of Pius XI right here in *QA*. Leo XIII condemns it in the same way in *RN* n. 16 (31) and 33 (60). The American Bishops, in their 1919 "Program of Social Reconstruction," have this to say under the heading "Women War Workers": "One general principle is clear: no female worker should remain in any occupation that is harmful to health or morals.—Another general principle is that the proportion of women in industry ought to be kept within the smallest practical limits. Those women who are engaged at the same tasks as men should receive equal pay for equal amounts and qualities of work." Pius XI demands that the fathers of the family receive a wage sufficiently high to support the whole family; at least so that the mother need not leave her duties at home and go out to work. Such a situation he brands as *an intolerable abuse* for the reason that home is not home without the mother's presence. — Note what Leo XIII says on this matter, *RN* n. 10 (20): "It is a most sacred law of nature that the father of a family see that his offspring are provided with all the necessities of life, and nature even prompts him to desire to provide and to furnish his children, who, in fact reflect and in a sense continue his person, with the means of decently protecting themselves against harsh fortune in the uncertainties of life."

18. The *existing circumstances* which the Pope mentions as needing reform seem to be the "evils" or the "causes" mentioned above (n. 69/16 ff.) as lowering the social value of labor; hence the *changes* he calls for are the "remedies" also mentioned there.

19. The question may be asked,—if the living family wage is due in commutative justice, why does the Pope say that *social justice* demands these *changes*?—And the answer is: Because commutative justice requires only that certain specific debtors pay their just debts; e.g., that specific employers pay a just living family wage to their own employees. *Social justice*, however, requires that all citizens work for the common good of society. Now if the reason why employers cannot pay a just wage is not their own fault, but that of *existing circumstances*, or the existing condition of society, then their obligation to pay a just wage is suspended—as any debtor's obligation to pay is suspended when it is impossible for him to pay; and the obligation to remedy or reform these existing circumstances, being a matter which involves the entire community or the common good of society, is one of the obligations of all the citizens to work for the common good, i.e., an obligation in *social justice*.

20. Note that while the central or most important objective in the Papal program on wages is the actual payment of living, family wages, still, as the Pope indicates, *this cannot always be done under existing circumstances*. Hence the thing that is to be done *as soon as possible*—the immediate objectives in the Papal program on wages—are 1) that *changes* be introduced . . . *whereby such a wage will be assured to every adult workingman*; and 2) that relief measures be provided for workers who need such assistance, or as the Pope says in n. 73, that *the workers be cared for in some other way*.

21. The movements to *adjust pay for work to family burdens*, for which the Pope has a word of praise, are first, family allowances; and secondly, social insurance.

22. The *Catholic Code of Social Principles* contains (n. 137) an amplification of the Pope's doctrine: "the family allowance system has in recent years shown a satisfactory development. It is fitting that the payment of such allowances should form a part of all agreements, whether individual or collective, between masters and men." And (n. 79): "A sound policy on population will be above all a family policy, and will include a whole programme of cheap houses and public transport, of mutual assistance and financial relief in favour of large families."

23. As to the family allowances, in 1875 the great French Catholic industrialist, Leon Harmel, began the movement by instituting a fund from his own resources out of which he supplied a weekly allowance to those families in his employ who needed it. His plan was successful, and some employers in France followed his example. Thirty years later it was enlarged and perfected by the formation of "Federations of Employers," each employer paying a tax into a pool, out of which the allowances were paid. In 1938 there were in France alone 228 of these pools, with 390,000 affiliated employers; they were existent also in at least 27 other countries. In January, 1932, the governments of France and Belgium made the payment of these family allowances obligatory. The allowance itself covers roughly 1/3 the expense of child rearing, and lasts until the

child is 12 or even 16 years old; the government in France allows almost twice as much for the fourth child and those following as for the first. The total figures are astounding: the amount expended yearly in France alone before World War II was said to be 900 million francs, distributed among $2/3$ of all the wage-earners in the country. In Spain, too, a law passed July 18, 1938, made the family allowance system obligatory. It provides that an allowance of 15 pesetas a month above the ordinary wage be paid for each child under 14 years old. The general fund is made up of a state fund of 5 million pesetas, to which are added quotas from both employers and employees. Great Britain and the United States have been far behind other countries in this respect. See below (n. 71/28).

24. Under the New Deal, various government agencies were set up to help the people finance their homes, make improvements, and replace slum areas with decent, reasonably priced dwellings. The Home Owners' Loan Corporation.—1932-1939—loaned to more than a million home owners some $3\frac{1}{2}$ billion dollars to pay off their mortgages, on condition that the HOLC loan be repaid to the government at a moderate rate of interest. The Federal Housing Administration, set up in 1934, while loaning no money directly to individual home owners, nevertheless helped finance home improvements and even the building of low cost new homes by insuring building and loan companies which then made loans for such purposes. In 1937, the United States Housing Act provided federal funds for slum clearance and the erection of decent, safe, and sanitary dwellings, if and when the initiative for such improvements was made by local civic authorities. After World War II, however, when the need for low cost housing was more acute than ever, and when the cost of building under private agencies was higher than ever, Congress was extremely slow to take action on proposals made by President Truman for government aid in the housing field. In 1947, the executive branch of the government consolidated the various agencies designed to facilitate credit for housing purposes under a new central structure, the Housing and Home Finance Agency.

25. As to the public transport mentioned in the *Code of Social Principles*, (above, n. 22), an instance of this in the United States seems to be the bus service furnished to school children in some localities; a service, however, in which the children attending parochial schools, by an overlegalistic interpretation of State constitutions, have sometimes been unjustly denied a share.

26. As to social insurance, the American Bishops in their 1919 "Program of Social Reconstruction" give at the same time a recommendation and a description of it: "Until this level of legal minimum wages is reached" (i.e., wages "high enough to make possible that amount of saving which is necessary to protect the worker and his family against sickness, accidents, invalidity, and old age")—"the worker stands in need of the device of insurance. The State should make comprehensive provision for insurance against illness, invalidity, unemployment, and old age. So far as possible the insurance fund should be raised by a levy on industry, as is now the case with accident compensation. The industry in which a man is employed should provide him with all that is necessary to meet all the needs of his entire life. Therefore, any contribution to the insurance fund from the general revenues of the State should be

only slight and temporary." And the 1940 statement on "The Church and Social Order" declares, n. 38: "Heartening indeed are the beginnings toward the greater security of the people that have already been made through legislative enactment and public policy. The immediate benefits of these laws to working people may be small and some modification perhaps desirable, but it is highly gratifying that the principle upon which they rest has become a part of our national policy."

27. Besides this statement by the American Bishops, the *Code of Social Principles* says (n. 137): "There is also a tendency for social insurance to become legalized. It must necessarily be made general, and is preferably carried on by industrial insurance societies, i.e., societies supported and directed jointly by the masters and men in each industry, under the control and with the support of the public authority." And Pius XI says in the Encyclical *Casti Connubii*, p. 39: "If, however, private resources do not suffice for this"—(i.e., for what "is necessary for the worker, his wife, and the rearing of his children")—"it is the duty of the public authority to supply the insufficient resources of personal effort." Finally, Pius XI says in the Encyclical on "Atheistic Communism" (n. 52): "Social justice cannot be said to have been satisfied as long as workmen . . . cannot make suitable provisions through public or private insurance, for old age, for periods of illness and unemployment."

28. In the United States the two main general instances of social insurance are the Workmen's Compensation Systems in the various States, covering accidents, occupational diseases, etc.; and the much more comprehensive Social Security Act, signed by President Roosevelt on August 14, 1935, especially in its provisions for unemployment insurance and old-age benefits.

72. *In determining the amount of the wage, the condition of a business and of the one carrying it on must also be taken into account, for it would be unjust to demand excessive wages which a business cannot stand without its ruin and consequent calamity to the workers. If, however, a business makes too little money, because of lack of energy or lack of initiative or because of indifference to technical and economic progress, that must not be regarded a just reason for reducing the compensation of the workers. But if the business in question is not making enough money to pay the workers an equitable wage because it is being crushed by unjust burdens or forced to sell its product at less than a just price, those who are thus the cause of the injury are guilty of grave wrong, for they deprive workers of their just wage and force them under the pinch of necessity to accept a wage less than fair.*

**Condition
of the
Business**

1. In the preceding section, Pius XI declared that the value of human labor, taken as a God-given natural capability of making a living and raising a family, is worth a living, family, saving wage. Such a wage, it was calculated (n. 71/11 ff.), would come to about \$3500 per year for the able-bodied American city worker on the basis of the cost of

living as it was in 1941. If the employer has the ability to pay such a wage, of course he is bound in strict or commutative justice to do so, and failing to do so, is bound to make restitution. Suppose, however, that a company cannot afford to pay a full living, family, saving wage? This is the next *point to be considered*, and the one Pius XI takes up in n. 72-3.

2. It is to be noted in the first place that the Pope makes the *condition of the business*, that is, its ability or non-ability to pay a living wage, one of the *points to be considered* in determining just wages. This is noteworthy because Catholic writers sometimes are too insistent on the cost of living as the only *point to be considered* in determining the justice of wages and salaries. But after determining the cost of living, one must take up immediately the second *point to be considered*, namely, the *condition of the business*. Otherwise, as Pius XI said above (n. 69), "it will be impossible to evaluate work justly or pay it according to justice." It should also be noted here once again that the strange claim put forward by the management of General Motors Corporation during the 1945-6 strike, namely that ability to pay has nothing to do with the determination of wages, is not only unreasonable, but completely contrary to the Catholic teaching on wages.

3. An employer who *lacks energy, enterprise, etc.*, is still obligated to pay good wages, because his mismanagement is his own fault. He is like an individual who through his own culpable neglect is unable to pay his just debts. It is true that the obligation is suspended while he lacks the money; but the obligation is still there, and he must fulfil it by making restitution if ever he is able to do so.

4. Those who make the business to be *crushed by unjust burdens* are the sweatshop operators who bring down the value of labor and the rate of wages by unscrupulous underselling of their honest competitors; also the unscrupulous speculators on the stock exchange, who manipulate the market for their own profit, regardless of the consequences for honest business; also monopolistic big business, which by price-fixing, "administered prices," etc., deliberately seeks to crush small competitors; and also those who manipulate finance and credit for their own profit, but with evil consequences for honest business men. (See below n. 105, ff.). The unjust activities of these individuals really bring down the social value of labor, just as unjust manipulation of the stock market brings down the market value of stocks and bonds.

5. It is to be noted that religious and charitable institutions often find themselves unable to pay living family wages to janitors and other workmen. If the institutions actually do not have the money, of course they are not bound to pay the full living family wage. If, however, the parish or the institution is not paying or cannot pay living wages because of *lack of energy or lack of initiative* in handling the finances of the institution, then *that must not be regarded a just reason for reducing the compensation of the workers*. Moreover, Canon 1524 of the Code of Canon Law prescribes: "All, and especially priests and religious, and administrators of ecclesiastical properties, should give to their employees a fair and just wage." It might also be mentioned that, as reported in the *Labor Leader* for Sept. 19, 1947, the Auxiliary Bishop of Paris, France, Bishop Touze, acting on behalf of Cardinal Suhard of Paris, signed a collective bargaining agreement with

the recently founded Church Personnel Union, affiliated with the French Christian Labor Federation; the members of this new union being sextons, organists, caretakers and other lay personnel working for ecclesiastical institutions.

6. Some business firms in the United States in 1941 and later years were able to pay a living, family, saving wage. The Jack and Heintz Company of Cleveland was actually paying a basic wage of \$5300 per year to 8600 workers during World War II. Likewise the Lincoln Brothers electrical company of Cleveland paid average wages of \$5000 during 1945. Other firms could have paid wages much closer to the cost of living wage than they did pay. Wages come before profits, as the American Bishops say in the 1940 statement on *The Church and Social Order*, (n. 40): "The first claim of labor, which takes priority over any claim of the owners to profits, respects the right to a living wage." And during the 44 months of World War II, all American corporations had \$26 billion in profits left after taxes and dividends. In the years following the war, moreover, they soared higher still. In 1946, profits after dividends and taxes were about \$6 billion; in 1947, about \$7 billion; and in 1948, it was estimated they would be about \$10 billion. Average wages in American manufacturing industries during 1947 were about \$2800—far short of the cost of living for that year, to say nothing of the cost of a family and the cost of redemption from the proletarian status. The distribution of the excess profits of that year as wages would have brought wages up to about \$3300, while leaving the stockholders with dividends equal to the boom year of 1929, besides contributing definitely to halting the race between profits and wages, which constituted one of the main evils of inflation. Such was the position taken by the CIO in its publication *The CIO's 1948 Wage Case*, which was perfectly in keeping with the position of the American Bishops: "The first claim of labor, which takes priority over any claim of the owners to profits, respects the right to a living wage."

7. In many cases, profits after taxes and dividends are used for the purpose of expanding the business, building new factories, opening new markets. As has been seen (above n. 57/9; cf. below, 106/39), more than three-fourths of new business in the United States in recent years has been done out of the business' own profits. And employers allege at times as a reason for not paying higher wages the fact that they cannot afford it because all the profits are being used for the expansion of the business. Since, however, as long as the employer has the money, the payment of a living wage is a matter of strict justice, like the paying of a debt, and the expansion of the business is not a matter of paying a debt, then the profits should be used to bring wages up to a decent level before the employer has even a right to use them for the expansion of the business—unless the workers temporarily agree to waive their right to a living wage for the sake of the expansion of the business.

73. *Let, then, both workers and employers strive with united strength and counsel to overcome the difficulties and obstacles and let a wise provision on the part of public authority aid them in so salutary a work. If, however, matters come to an extreme crisis, it must be finally considered whether the business can continue or the workers are to be cared for in some other way. In such a situation, certainly most serious, a feeling of close relationship and a Christian*

concord of minds ought to prevail and function effectively among employers and workers.

1. *Let workers and employers strive with united strength and counsel . . .* The guaranteed annual wage is the best practical solution, to be worked out by the *united strength and counsel of workers and employers*, for the *difficulties and obstacles* in the way of the payment of a living wage. Such guaranteed annual wages, as was said above (n. 57/11), have been negotiated by the *united strength and counsel of workers and employers* in several hundred cases in the United States. Outstanding among these cases have been those of the Procter and Gamble Soap Company, Ivorydale, Ohio; Nunn-Bush Shoe Company, Milwaukee; and Hormel Meat Packing Company, Austin, Minn. In 1948 there were about 70,000 workers under such guaranteed annual wage plans in the United States.

2. *Wise provision on the part of public authority . . .* An outstanding measure in this field undertaken by the United States government was the Fair Labor Standards Act of 1938. Covering about 12 million workers in interstate commerce, it ordered the payment of minimum wages of 25 cents an hour (\$11 per week!) in 1939, 30 cents an hour in 1940, and 40 cents an hour by 1945. Committees for each industry, consisting of representatives of the public, of the employees in the industry, and of the employers in the industry, were set up by the Administrator of the Act which were to recommend the highest minimum (up to 40 cents an hour) each industry was capable of paying, having regard to economic and competitive conditions. As it turned out, the 40-cents-an-hour goal was achieved for all industries more than a year in advance of the deadline set by the Act. As regards hours, the Act restricted hours (by requiring overtime pay for hours worked in excess of those specified) to 44 hours per week in 1939, 42 during 1940, and 40 thereafter. Even 40 cents an hour, of course, is extremely low pay (\$16 per week for a 40-hour week), especially in view of the fact that after the end of OPA price controls in June, 1946, prices rose tremendously. In the 80th Congress (1948) the Thomas-McCormack Bill was introduced, which would place the minimum wage at 75 cents an hour, and allow the industry committees to raise this as high as \$1.00 an hour. But the 80th Congress failed to act on the Bill.

3. *If matters come to an extreme crisis . . .* Note that the Pope speaks of *an extreme crisis*, i.e., a situation in which the wages will not only be below a living family wage, but extremely low. Even here, however, the Pope does not say absolutely that the firm must go out of business; he only says that it should be considered as one possible solution. But if the workers cannot find other jobs,—if nothing else can be done to help the workingman—then surely it would seem that the firm should keep on going, paying whatever wages it can. But note that poor wages in one concern depress the wage levels in others, and have a generally depressing effect on all wages.

4. *Cared for in some other way . . .* The Pope would seem to be referring here to government assistance or relief as one way of making up the difference between what poor employers can afford to pay and a full living family wage. This relief can take several forms: direct relief; family allowances; unemployment compensation; social security.

5. *A feeling of close relationship . . .* The Pope's suggestion above, namely *united strength and counsel*, regards external action. Here he recommends unity of spirit, willingness to work together, to give and take, to grasp the other person's point of view. Such things are not mere spiritual ideals. They are indispensable realities for any successful collaboration between human beings. During the period of post-war strikes in the United States, 1945-46, there was some evidence, even during the strikes, of an approach to this attitude. At least the positions taken by labor, management, and government were far removed from the violence of other strike periods, and more in accord with the Pope's recommendations here. The auto workers demanded a 30 percent raise, but offered to take less if the company would prove its inability to pay less than 30 percent; in fact, the auto workers finally settled for a 16½ percent raise. The steelworkers likewise demanded a \$2.00 per day increase, but settled for \$1.50. The employers, while not very cooperative with labor at the conference table, still refrained from the old practice of calling in strikebreakers and inciting to violence, and there were no serious bodily injuries or property damage during the big strikes. The government on its part did not have recourse to calling out the militia or issuing labor injunctions right and left, but instead set up "fact-finding boards" in examining the rights and wrongs of the strikes. And while both labor and capital at first feared that these "fact-finding boards" would lead to excessive government dictation in labor affairs, still both the auto and the steel strike were eventually settled on terms very close to those proposed by the "fact-finding boards."

6. The publication of the *Nathan Report* at the end of 1946 was another evidence of this growing maturity in labor relations. The CIO was here not using the old bludgeoning tactic of "gimme, or else," but was drawing upon some of the best brains in the country for a calm and factual appraisal of the situation. And the reaction of management was in keeping with this maturity of viewpoint on the part of the CIO. Management in its turn attempted to argue in terms of facts and figures, by the issuance of various detailed studies of the *Nathan Report*, instead of blindly holding to an unreasoning reply of "nothing doing." It might also be stated here that since 1940, both the AFL and the CIO have been publishing their monthly bulletins of facts and figures on the economic situation of the country. The AFL's *Labor's Monthly Survey* and the CIO's *Economic Outlook* are sober, mature publications, prepared by careful and objective research, supplying data on the cost of living, profits, wages, and the economic condition of the country in general. Nor are they confined merely to presenting a one-sided view. *Labor's Monthly Survey* in particular has presented frequent recommendations of cooperation between labor and management for the general welfare.

74. *Lastly, the amount of the pay must be adjusted to the public economic good. We have shown above how much it helps the common good for workers and other*

Requirements of the Common Good *employees, by setting aside some part of their income which remains after necessary expenditures, to attain gradually to the possession of a moderate amount of wealth. But another point, scarcely less important, and especially vital in our times, must not be*

overlooked: namely, that the opportunity to work be provided to those who are able and willing to work. This opportunity depends largely on the wage and salary rate, which can help as long as it is kept within proper limits, but which on the other hand can be an obstacle if it exceeds these limits. For everyone knows that an excessive lowering of wages, or their increase beyond due measure, causes unemployment. This evil, indeed, especially as we see it prolonged and injuring so many during the years of Our Pontificate, has plunged workers into misery and temptations, ruined the prosperity of nations, and put in jeopardy the public order, peace, and tranquility of the whole world. Hence it is contrary to social justice when, for the sake of personal gain and without regard for the common good, wages and salaries are excessively lowered or raised; and this same social justice demands that wages and salaries be so managed, through agreement of plans and wills, insofar as can be done, as to offer to the greatest possible number the opportunity of getting work and obtaining suitable means of livelihood.

1. The third point to be considered is: how will \$3500 a year (on the basis of the 1941 cost of living) affect the *common good*, or the general welfare? Will it make the workers wasteful and lazy and worse off than before? Will it bring on unemployment? What will happen to the wages of janitors and waitresses and farmhands if industrial city workers are paid \$3500 per year, or its equivalent according to the current cost of living? Must wage raises necessarily be followed by price raises? Or must wages follow the cost of living, no matter how high it may rise?

2. In n. 74-5 Pius XI lays down the principles that will answer these very questions. 1) He declares that high wages, instead of making the workers worse off than before, will rather satisfy the *requirements of the common good* for the reason that it will help them *attain gradually to the possession of a moderate amount of wealth* (n. 74/3). 2) As to the relation between wages and unemployment, he merely states that both wages too low and wages too high will bring on unemployment. How this principle may be applied in the United States to the great depression of 1929-35, and to the inflation of the years after World War II will be treated in the commentary n. 74/5-10. 3) He urges that a *right proportion* be maintained between the salaries of employers and the wages of all workers; this will be treated in n. 75/2-4. 4) As to the relation between wages and profits, he again urges a *right proportion*; an attempt will be made to apply this principle to the United States by answering two questions: was it necessary that wage raises be followed by price raises in the years following World War II (n. 75/5-12)? And was it necessary in those years that wages follow a rise in prices, no matter how high prices might go (n. 75/13)?

3. When high wages or raises in wages are discussed, some people express fears that the workers will throw such wages away by extravagant living. No doubt this would be true of some workers, as it is true of some of the rich. The Pope, however, evidently entertains no fears that a "saving wage" would be bad for the workers as a whole. In fact, he puts it down here as one of the *requirements of the common good*, i.e., of the common good of the workers as a whole and of the entire country, that

the workers get sufficient wages to enable them to attain gradually to the possession of a moderate amount of wealth.

4. Above in n. 63/4 and 71/14, the Catholic doctrine was stated that a "saving wage" is due the workers in commutative justice. Here in n. 74 the Pope states also that it is one of the *requirements of the common good* or of social justice. Both of these statements are true. The inward God-given value of human labor includes the power to attain to financial independence, and the price of this feature of human labor in commutative justice is a saving wage. But the common good or social justice also requires that the workers attain to financial independence. The Pope gave one of the reasons for this requirement of the common good above (n. 62), when he stated that unless the workers be put on the way to financial independence, revolution will result. It need hardly be observed that revolution is the enemy of the common good.

5. An *excessive lowering of wages* causes unemployment by reducing the workingman's power to buy what he needs. The goods produced by industry remain in the warehouse; new production is not ventured upon, and workingmen are laid off. Note that the Fair Labor Standards Act of 1938 accepts this principle by requiring that the tripartite industry committee for each industry is to recommend to the Administrator the highest minimum wage rates which, it determines—having due regard to economic and competitive conditions—will not substantially curtail employment.

6. An *increase beyond due measure* in wages causes unemployment by leaving management too little money for repairs and upkeep necessary to the business, or for dividends to the stockholders. As a result, production is curtailed and unemployment results; or else prices are raised, inflation sets in, and eventually there is a "bust" of depression and unemployment.

7. On the question of whether it was an excessive lowering of wages or their increase beyond due measure,—in other words, whether it was wages that were too low, or wages that were too high,—which caused unemployment during the depression of 1929-35, the investigations of the Brookings Institute have brought out the following facts. 1) Between 1922 and 1935, the farms, mills, mines, factories and stores of the United States were operating at an average of about two thirds of their capacity. 2) The reason why the producing plant of the country failed to operate at full capacity was not because it was producing more than the people needed; for the actual needs of the people, if they were all to live at a reasonable American standard of living, would have required an increase in production of perhaps seventy-five percent over this 1922-1935 average. 3) The real reason was because *wages* were too low, and *prices* were too high, to permit the consuming public (of which the wage earning population forms the major part) to buy the things they actually needed and wanted. 4) To keep the actual farms, mines, mills, running at full capacity of production and employment would require an increase of more than one thousand dollars a year in each laborer's annual wages; and if industry were to expand to the point of enabling people to live comfortably at the American standard of living, average annual wages of \$5,000 per family would be required to purchase all the goods produced. And at the 1948 cost of living, this figure would have to be raised to about \$8700—unless prices were reduced considerably.

8. But were the wage raises urged by the workers in the years following World War II *beyond due measure* in the sense that they left management too little for repairs and upkeep, or for dividends to stockholders? In reply, it may be said that while in some cases—e.g., the construction business—workers may have demanded wages *beyond due measure*, the raises requested by the auto workers, the steel workers and other industrial workers, would not have handicapped management to any notable extent as far as funds for upkeep and dividends are concerned. The *Nathan Report*, published at the end of 1946, stated that at that time manufacturing industries were in a position to grant average wage increases of 21 percent, and still have profits twice as high as the 1936-39 level, and almost as high as they made during the war peak. And by the end of 1948, undistributed profits had risen to still new heights; they were about \$6 billion in 1946; \$7 billion in 1947; and estimated at about \$10 billion for 1948.

9. Management in the giant American industries did grant certain wage raises during these years, but usually only after strikes or the threat of strikes, and usually followed by an increase in prices. But why did management increase prices (and profits) if it had the funds to grant wage increases without raising prices? The answer was given by one representative of management in the course of *An Analysis of the Nathan Report*, published by the Machinery and Allied Products Institute, page 9: "It is idle to say, as Mr. Nathan does, that profitable enterprises could pay higher wages without price increases; in general, they do not have to accept the squeeze, and will not do so, certainly not for long." This is blunt enough as the statement of a policy of selfish, shortsighted greed: "they do not have to, and they will not!"

10. *Agreement of plans and wills.* . . . the Pope is here calling precisely for the abandonment of this attitude of selfish greed, and in its stead for cooperation, the sacrifice of selfishness, a willingness to work together for the common good. The industry council idea (above 69/30) and the guaranteed wage plan (73/1) are attempts at this *agreement of plans and wills*. The collective bargaining agreement signed by General Motors and the United Auto Workers in May, 1948, is another instance. It called for an 8 cents an hour increase for the cost of living, but also for adjustments every three months during the life of the contract according to the rise or fall in the cost of living; and for raises to accompany growing industrial efficiency. The agreement was criticized by some unionists as binding the workers hopelessly to fluctuations in the cost of living. Since, however, the agreement provides for an increase of 3 cents an hour each year "for increased industrial efficiency," independently of the cost of living, such a criticism is not altogether justified. The agreement was excellent in itself, but its possible benefit to the common good was nullified by the fact that two months later General Motors announced an 8 percent rise in the cost of every passenger car it put on the market.

75. *A right proportion among wages and salaries also contributes directly to the same result; and with this is closely connected a right proportion in the prices at which the goods are sold that are produced by the various occupations, such as agriculture, manufacturing, and others. If all these relations are properly maintained, the*

various occupations will combine and coalesce into, as it were, a single body and like members of the body mutually aid and complete one another. For then only will the social economy be rightly established and attain its purposes when all and each are supplied with all the goods that the wealth and resources of nature, technical achievement, and the social organization of economic life can furnish. And these goods ought indeed to be enough both to meet the demands of necessity and decent comfort and to advance people to that happier and fuller condition of life which, when it is wisely cared for, is not only no hindrance to virtue but helps it greatly.⁽¹⁾

1. Applying the Pope's teaching in n. 74 on *the requirements of the common good*, it has been seen that at the 1941 cost of living, the common good, at least as meaning full employment and production, required that workers get not less but rather more than \$3500 per year as a means of preserving national peace and prosperity and of avoiding unemployment. Now in n. 75, Pius XI declares that the common good requires that a *right proportion be properly maintained* between the wages of workers and the salaries of corporation officials; also between the wages of various types of workers,—skilled and unskilled, organized and unorganized; and finally between wages and prices. The question then suggests itself,—“would \$3500 per year at the 1941 cost of living be in *the right proportion*—1) with the salaries of corporation officials; 2) with the wages of workers in the low-wage industries; and 3) with current prices?”

2. The salaries of corporation officials in the United States have been notoriously high, especially during World War II. In 1942, for instance, E. G. Grace, President of Bethlehem Steel Corporation, received compensation of \$527,724; E. T. Weir of National Steel received \$275,400; T. M. Girdler of Republic Steel, \$275,000; B. F. Fairless of U. S. Steel, \$154,800; C. R. Hook of American Rolling Mill, \$138,971. In the automobile industry, C. E. Wilson, President of General Motors Corporation, received compensation in 1943 amounting to \$459,041, an increase of 94 percent over what he had received in 1939. Comparing workers' wages with corporation officials' salaries, then, a *right proportion* would require that the officials' salaries be lowered and the workers' wages be raised. An annual wage of \$3500 can hardly be considered disproportionately high when compared with the hundred thousand dollar salaries of officials.

3. As a matter of fact, ceilings were placed on the salaries of corporation officials by the executive order of October 3, 1942, which limited salaries to \$25,000 per year after the payment of taxes and regardless of income from other sources than salary. At once, however, strenuous opposition was raised against the order. Despite the fact that *the requirements of the common good* clearly demanded such a limitation, especially in time of war, a campaign of protest and propaganda was inaugurated, and the country was deluged with advertisements, bulletins, pamphlets from the organizations of the wealthy denouncing the executive

(1) Cf. St. Thomas, *De Regimine Principum* I, 15; *Encyclical On the Condition of Workers*, n. 49-51.

order. So great was the pressure, in fact, that on April 11, 1943, Congress had to repeal the order.

4. But there are also a good many low wage workers in the United States. According to a Federal Reserve Board report on 1947 incomes, there were in that year more than 17 million families with incomes under \$38 a week, and more than 5 million families with incomes under \$19 a week. What should be done then about *the right proportion* between these low wages and \$3500 per year or \$67 per week? The answer is that surely the Pope does not hold for a lowering of all wages because some wages are low, but rather for a raising of low wages at least in *proportion* to the raises in higher wages. In the United States, the trend since the 1930's has been precisely in this direction. While the strong and responsible unions,—United Steelworkers, United Mineworkers, United Auto Workers, and others,—were concluding collective contracts for comparatively high wages, Congress passed the Fair Labor Standards Act in 1938, putting a “floor under wages” and a “ceiling over hours” for the millions of American workers who would be unable to get the benefits of high wages (see above n. 73/2). The *Nathan Report* at the end of 1946 found “one outstanding development in the earnings of labor during the past two years. This development has been a very pronounced tendency for the lowest-paid groups of workers to receive the relatively larger wage increases.”

5. As to *the right proportion* between *wages and prices*, an attempt was made in the United States during World War II to achieve this purpose. In April, 1942, President Roosevelt laid down a seven point program as the means necessary “to keep the cost of living from spiraling upward,” and as the basis of a “national economic stabilization policy.” The seven points were: 1) heavy taxation to keep personal and corporate incomes at a reasonably low level; 2) ceilings on business prices and on rents; 3) ceilings on wages and salaries; 4) ceilings on farm prices; 5) promotion of the purchase of war bonds; 6) rationing of essential commodities; 7) discouragement of instalment buying.

6. The success of this program depended, of course, upon the successful application of each of its seven points. Not all of them, however, were applied with equal success, and hence the program as a whole had limited success. Ceilings on high salaries were applied, but then completely removed (above n. 75/3). The war time tax legislation enacted by Congress likewise favored the rich. In fact, President Roosevelt indignantly vetoed the 1944 tax law, declaring that it was “a tax relief bill providing relief not for the needy but for the greedy”; but Congress passed the law over his veto. On the other hand, the eight war bond drives were all oversubscribed; despite black market operations, the rationing of commodities was reasonably successful; and instalment buying was replaced by the paying off of much of the accumulated private debt of the American people. In the matter of price control, the OPA under great difficulty at least succeeded in keeping prices from “spiraling upward” as they had in World War I. The “ceiling on wages” point, finally, was the most rigidly enforced of all points of the stabilization program. Under what was known as the “Little Steel formula,” wage increases were fixed at 15 percent. Due to failures in other features of the program, however, the cost of living rose more than 15 percent during World

War II; and this in turn meant that there was no true "stabilization" or *right proportion* between wages and prices.

7. In April, 1941, President Roosevelt had created the Office of Price Administration and Civilian Supply, later known simply as the Office of Price Administration or the OPA, and charged it with the task of establishing and maintaining ceilings on prices and rents. It met serious opposition from selfish pressure groups, especially the National Association of Manufacturers, which managed to secure Congressional legislation limiting the field in which the OPA could operate, and reducing the funds appropriated for its needs. Black market operations also restricted its effectiveness. Nevertheless, it did succeed in keeping prices under much better control than they had been in World War I. Whereas the rise in retail consumers' prices had been 72 percent during the years 1914-19, it was between 26 percent and 45 percent during 1939-44; and whereas the rise in wholesale prices had been 103 percent during 1914-19, it was only 35 percent during 1939-44.

8. In connection with the OPA, it may be asked if the prices fixed by the OPA are binding in conscience, or if it is morally wrong to deal in the black market. In answer, one must distinguish between buyers and sellers. To buy at higher prices than OPA prices, is against social justice, because by encouraging black market operators, such buying obstructs the *public economic good*. To sell at higher prices than OPA prices or to sell in the black market, however, is against strict or commutative justice, and binds to restitution, as long at least as the OPA prices are not proved to be unjust. The reason is because the prices and priorities on goods fixed by the OPA are of the same nature as legal price fixing in the Middle Ages and later; and such legal price fixing was regarded by competent theologians in the Middle Ages as a matter of commutative justice.

9. During World War II, the policy of raising wages no higher than 15 percent above pre-war wages was known as the "Little Steel formula." In 1942 the United Steelworkers of America requested a raise of one dollar a day for the 180,000 employees of the four companies known as "Little Steel," namely Bethlehem Steel Corporation, Republic Steel Corporation, Inland Steel Company, and Youngstown Sheet and Tube Company (U. S. Steel Corporation is known as "Big Steel"). The request came before the War Labor Board, and on July 16, 1942, the Board settled the case by granting the workers a general raise of 15 percent over the wage rates prevailing on January 1, 1941. This decision was based on statistics supplied by the U. S. Department of Labor, showing that in the 16 months between January 1, 1941 and May 1, 1942, the cost of living had risen 15 percent. This 15 percent raise over wage rates prevailing on January 1, 1941 came to be known as the "Little Steel formula," and was widely applied in other cases. In itself it was a good example of a *right proportion* being *properly maintained* between wages and prices. But on April 8, 1943 President Roosevelt issued an executive order, commonly referred to as the "Hold the Line" Order, by which among other things all wages were absolutely frozen. Frozen they remained for the rest of World War II. The cost of living continued to rise, but the War Labor Board consistently refused to sanction further raises in wages, even though the widening gap between wages and prices meant that a *right proportion* between them was no longer being *properly maintained*.

10. Note that the Pope lists the necessity of a *right proportion* between *wages and salaries* on the one hand and *prices* (or profits) on the other as one of the *requirements of the common good*; i.e., a means of preventing disastrous inflation to be followed by deflation and depression. In the United States, this necessity has also been recognized since World War II, and even while wages and profits were chasing each other up the spiral of inflation, the persons concerned were full of dire predictions of the deflation and depression to come. Workers would ask for wage raises in order to bring their purchasing power up to the pre-war level—or as the technical economic phrase has it, to bring their “real” wages up to their “money earnings”; after discussion and sometimes after strikes, management would grant the raises, but then go on to raise prices and profits, alleging that such a raise in prices was “necessary” to cover the increased costs of production, even though it might mean an eventual economic depression.

11. But were such increased prices really “necessary” in the giant automobile, steel, coal, oil industries? Was it necessary that price “hikes” follow wage increases as they did? From the figures given above on undistributed profits in American corporations (above n. 72/6 and 74/8), and from the blunt admission of one representative of management, already cited (n. 74/9), it appears that not necessity, but greed, dictated these price and profit raises: “Profitable enterprises . . . do not have to accept the squeeze, and will not do so.” In other words, it was not because they could not, but simply because they would not, that management refused to keep prices down after raises in wages.

12. In view of such an attitude, the opinion has been expressed that there is no cure for the mad scramble for profits, with its dizzy whirls of inflation and its subsequent nosedives of depression which characterize the capitalistic system, but to discard the system itself. It may be questioned, however, whether the Pope holds for so drastic a remedy. Later in *QA* (n. 101), he condemns the abuses of the capitalistic system, but not the system itself; in fact, he says expressly: *it is not of its own nature vicious*. Of course, the main abuse he condemns in the capitalistic system is precisely the attitude expressed above: “Profitable enterprises . . . do not have to accept the squeeze” (i.e., of parting with the profits) “and will not do so.”

13. But supposing that management does show itself willing to share at least some of the profits with the workers (as some representatives of management have rightly done and are doing in the United States—see above n. 65/5, 73/1) what practical steps could be taken to ensure a *right proportion* between wages and prices (or profits)? The Pope’s directions in a similar matter (above n. 73) may also be applied here: *Let both workers and employers strive with united strength and counsel to overcome the difficulties and obstacles and let a wise provision on the part of public authority aid them*. 1) The workers, that is, could strive for greater productivity—although the fact is that between 1940 and 1948 the average man-hour output of American industrial workers actually did increase about 20 percent. Costs of production were thus decreased, and the same article sold at the same price brought more profits in 1948 than in 1940—which is no argument for raising the price of the article, to say the least. 2) The unparalleled high undistributed profits of the post-war years (above n. 72/6 and 74/8) would have allowed the payment of “real” wages at the 1941 level without

any increase in prices. 3) *Wise provision on part of public authority* in the form of some kind of price control would have helped keep prices down, to judge by what happened when OPA price ceilings were allowed to lapse in June, 1946. In the eighteen months prior to that date, food prices had increased 6 percent, clothing 10 percent, and rents 0.2 percent. In the 18 months following that date, food prices soared 42 percent, clothing 22 percent, rents 5.7 percent; and they kept on soaring.

14. The answer to the question whether wages had to follow prices, no matter how high prices rose, is clear from what has been said. Without going into the general theory of the matter, the fact is that in the United States in the years following World War II prices could and should have been kept down by management, and then the wage problem could have been easily settled. But with prices and profits at abnormal heights, it can hardly be considered wrong for labor to wish to secure wages at least approximating the cost of living; in fact, by so doing the workers were only endeavoring to recover a *right proportion between wages and prices*.

Further Readings on Just Wages and Salaries

On *profit sharing*, etc., see Balderston, *Profit Sharing by Wage Earners* (Industrial Relations Counselors); published 1937,—best on the subject in that period; Senate Report n. 610, 76th Congress, 1st Session (1939), *Survey of Experiences in Profit Sharing and Possibility of Incentive Taxation*,—also the one volume of *Hearings* of this investigation; the summary of profit-sharing plans in the 1941 *Handbook of Labor Statistics*, p. 849 ff. Also Ryan, *A Better Economic Order* (Harper's), p. 160 ff.; Ross, *Survey of Sociology*, (Bruce), p. 287 ff.; *The Modern Social and Economic Order* (Our Sunday Visitor Press), Ch. XIII; Kenkel, *Sharing the Profits with Employees* (N.C.W.C. Social Action Series). Also Col. Patrick H. Callahan (founder of a famous profit sharing system at the Louisville Varnish Co., Louisville, Ky.) in *Catholic Builders of the Nation*, Vol. III, p. 129—*Profit Sharing and Co-Partnership*. Also ESS, *Profit Sharing*.—For a study of labor sharing in management, see the excellent and very readable joint study by an industrial engineer and a representative of labor: Cooke and Murray, *Organized Labor and Production* (Harper's), especially Ch. 6-12, and 17. The Steel Workers' Organizing Committee (now the United Steelworkers of America) has published several practical handbooks on this subject, notably: *Handling Grievances*, *Production Problems*, *Organized Labor and Management*. See also the *Monthly Labor Review*, June, 1941, article *Union-Management Cooperation*.

On the *twofold value of labor*, see Ryan, in *America*, Vol. 45, p. 105 (May 9, 1931); Ryan, *Distributive Justice* (Macmillan), Ch. XXII ff., and Cooke and Murray, *Organized Labor and Production* (Harper's), Ch. 9; Haas, *Jobs, Prices, and Unions* (N.C.W.C. Social Action Series pamphlet).

On *Wages in general*, see Haas, *Man and Society* (Century), Ch. XV, (good especially for moral or ethical basis of living wage); Ryan, *A Living Wage* (Macmillan); 1941 *Handbook of Labor Statistics*, vol. II, (426 pages on rates of wages and wage regulation in the United States); Haas, *The Wages and Hours of American Labor* (N.C.W.C. Social Action Series pamphlet).

On the *cost of living*, etc., see the 1942 Report of the National Resources Planning Board: *Security, Work, and Relief Policies*, Ch. VII, p. 161 ff., giving the findings of various investigations of the cost of living and "family budgets." Also various publications of the Bureau of Labor Statistics, U. S. Department of Labor, (especially Serial R963, on *Differences in Living Costs in Northern and Southern Cities* and Serial 1909, *The City Worker's Family Budget*), and of the Bureau of Home Economics, U. S. Department of Agriculture (especially Farmers' Bulletin (n. 1757), *Diets to Fit the Family Income*), also of the Department of Social Research of the Works Progress Administration (especially *Intercity Costs of Living in 59 Cities*); and the National Resources Committee Report, *Consumer Expenditures in the United States*, estimates for 1935-6. These and other studies are summarized in the 1941 *Handbook of Labor Statistics*, Vol. I. See also Schmiedeler, *Balanced Abundance* (N.C.W.C. Social Action Series pamphlet), and the CIO pamphlets: *The Road to Freedom, Guaranteed Wages The Year Round, Substandard Wages*.

On *family allowances*, see Serial n. R931, *Family Allowances in 1937 and 1938*, and Bulletin n. 853, *Family Allowances in Various Countries*, 1944-5, of the Bureau of Labor Statistics, U. S. Department of Labor; and an article in the *Christian Democrat* (published by the Catholic Social Guild of Oxford, England) for January and February, 1938. This matter is also treated in the British *Beveridge Report* on Social Insurance and Allied Services, p. 154 ff., and in the extensive American Report of the National Resources Planning Board on *Security, Work, and Relief Policies*, page 83.

On the *ability of American industry to pay living wages*, see the books published by the Brookings Institute, Washington, D. C. and especially *Income and Economic Progress* which is a volume of summary with conclusions of the foregoing two volumes; and the so-called "Nathan Report": *A National Wage Policy for 1947*; also Chernick and Hellickson, *Guaranteed Annual Wages* (University of Minnesota), an excellent study of plans actually in operation in 1945; and the classic "Latimer Report"—Report to the President by the Advisory Board of the Office of War Mobilization and Reconversion, by Murray T. Latimer, its Research Director, on *Guaranteed Wages*. See also the 1941 *Handbook of Labor Statistics*, under the heading "Income"; also Cronin, *Prices in the United States*, (N.C.W.C. Social Action pamphlet).

On the *national economic stabilization policy* and the *Little Steel Formula* see the *New International Year Book* for 1942, articles "Price Administration, Office of," and "National War Labor Board"; and the excellent Brief submitted by the United Steelworkers of America to the War Labor Board in March, 1944, on the case of the Little Steel Formula; and the Thomas-Meany Report on the Cost of Living, submitted January, 1944, and Schirber, *Inflation and the Common Man* (N.C.W.C. Social Action pamphlet).

On the question of whether *OPA prices* are binding in conscience see the *Homiletic and Pastoral Review*, May 1944, p. 579 ff., article *The Morality of Black-Market Selling*, by Raymond C. Jancauskis, S.J.

Chapter Five

Social Order to be Restored

Introduction

76. *What We have thus far stated regarding an equitable distribution of property and regarding just wages concerns individual persons and only indirectly touches social order, to the restoration of which according to the principles of sound philosophy and to its perfection according to the sublime precepts of the law of the Gospel, Our Predecessor, Leo XIII, devoted all his thought and care.*

1. Note that the matter to be treated in this Chapter Five: "Social Order to be Restored." is the same as the object of the entire Encyclical, as given in the general heading: "The Reconstruction of Social Order,"—which shows the importance of this portion of the Encyclical.

2. One definition of *social order*, or *the social order*, has already been given in the commentary on the general introduction of *QA* (Title/3); as Pius XI treats it here, however, it may be defined as: The existing system of public institutions (good or bad), animated by a certain moral spirit (good or bad).

3. An institution, as taken here, may be defined as: "an accepted way of doing something"; this "accepted way," however may not be the right way; hence the Pope's call for reform of institutions.

4. Things affect the social order *indirectly* if they affect individuals rather than institutions; such as the examples given here by Pius XI; the distribution of wealth, and wages, directly make some individuals rich, and others poor—and indirectly affect the accepted way of governing the people, or of grouping people in society, or of doing business. On the other hand, reforms which *directly* affect the accepted way of governing the people, are things which *directly* affect the social order.

5. Some evidences of how Leo XIII *devoted all his thought and care* to the restoration or reconstruction of the social order are, for instance, his Encyclicals on the institution of the family, the State, the Church; on liberty, on Socialism, etc., as mentioned in the general Introduction to *QA*, n. 2.

6. *Principles of sound philosophy* include for instance the principle that all authority comes from God; that it is natural and good for men to live in society; that naturally men should live in harmony and cooperation. *Precepts of the law of the Gospel* are often only reaffirmations of these principles; aside from these, the outstanding one in economic matters is that of charity; see below n. 137.

77. *Still, in order that what he so happily initiated may be solidly established, that what remains to be done may be accomplished, and that even more copious and richer benefits may accrue to the family of mankind, two things are especially necessary: reform of institutions and correction of morals.*

Section 1. Reform of Institutions

No. 1. Institution of the State

78. *When we speak of the reform of institutions, the State comes chiefly to mind, not as if universal well-being were to be expected from its activity, but because things have come to such a pass through the evil of what We have termed "individualism" that, following upon the overthrow and near extinction of that rich social life which was once highly developed through associations of various kinds, there remain virtually only individuals and the State. This is to the great harm of the State itself; for, with a structure of social governance lost, and with the taking over of all the burdens which the wrecked associations once bore, the State has been overwhelmed and crushed by almost infinite tasks and duties.*

**What
to be
Reformed**

1. Note that Pius XI calls for the *reform* of three institutions: first, the modern totalitarian *State*, or the accepted modern system of relations between government and citizens (n. 78-80); secondly, the conflicting classes of employers and employees, or the accepted modern way of grouping men in society, i.e., the accepted system of relations between employers and employees (n. 81-87); and thirdly, unlimited competition and economic dictatorship, or the accepted modern way of doing business,—the accepted system of relations between various business firms or individual business men (n. 88-89). Note that his treatment of each of these *institutions* is the same: he shows *what* is to be reformed, *why* it is to be reformed, and *how* it is to be reformed.

2. In one sense, the *State* means all of civil society, both the government and the people; but it is also frequently taken to mean the government alone—the accepted way of exercising authority; in that sense the Pope takes it here. Applied to the United States, it may mean the government of any of the 48 States, but also means the Federal Government at Washington, D. C.

3. Note just how Pius XI calls for this *reform* of the *State*: first, he shows what is to be reformed, namely, the accepted modern way of governing—the "totalitarian State"; secondly, he shows why it is to be reformed by citing what may be called the principle of "home rule"; and thirdly, he shows how it is to be reformed, namely, by applying this general principle of "home rule" to civil and economic society—in the form of the principle of "subsidiary function."

4. The totalitarian *State*, taking the term to cover both government and people, is a nation in which there are *virtually only individuals and the State*. But taking it to mean the government alone, the totalitarian State is a government which takes over the totality of the interests of the people,—not only matters of the common good, but also matters which smaller units could manage within the State.

5. The Pope, however, is condemning no particular form of government here, but only that manner of exercising civil authority—whether in

a democracy, a monarchy, or a dictatorship,—in which *there remain virtually only individuals and the State*—the totalitarian State. In fact, his condemnation is clearly addressed less to the American governmental practice than to the dictatorships of certain European countries.

6. *Things have come to such a pass through the evil of what We termed "individualism" . . .* The Pope's thought in this difficult passage may be paraphrased and amplified as follows. "Individualism" is the evil which in Germany and England in the sixteenth century attacked religious society,—the Church, religious orders, all existing organized religion, and in France in the French revolution of the late eighteenth century attacked organized political society. In both cases it exalted the individual beyond due bounds, disjoining him from his lawful connection and obligations to organized religious and civil society. It sought to cure the ills of religious and civil society by destroying the existing religion and the existing government. "Individualism," in short, was the enemy of society and organization,—as its name implies. But among the societies it infected and destroyed were the existing guilds, once the very warp and woof of civil society. These organizations were as much part of civil society as arms and legs and hands and feet are part of a man, vitally connected with each other and contributing to the good of each other and of all civil society as bodily members help each other and the whole man to a full, vigorous life. With the guilds destroyed, there was nothing left except individuals and the State, and the State itself lost its proper function, character, or nature as the ruling body in civil society. Instead, the State was forced to become a kind of busybody, a slave of all work, overburdened with all the minute tasks and chores once discharged, and properly so, by the guilds.

7. At their perfection, from about the year 1200 to the year 1500, the guilds were of two main kinds (though there were others also)—merchant and craft guilds. The merchant guilds were public, self-governing, all-embracing associations of the merchants of a town or city, which regulated by statute having the force of law all trading in the town, supervising the quality of goods and preventing unfair competition. They also provided for sick and impoverished brethren and their widows and orphans, organized festivities (of which the "mystery plays" are examples), took charge of public safety and sanitation, and provided for the religious interests of the members, even after their death by having Masses said for their souls. The craft guilds fulfilled much the same functions, and differed from the merchant guilds in this, that they were associations not of merchants, but of craftsmen, such as bakers, carpenters, goldsmiths, weavers. Other guilds were formed for instance to get prayers for the souls in Purgatory, to build bridges, to maintain roads, and render other public and quasi-public services.

8. The guilds were public, not private, as for instance a modern town or city is a public, not a private association of people; the difference between town or city and guild being that the bond uniting people in a town or city may be called a "geographical bond"—they live in the same locality; whereas the bond in the guild was a "professional" one—the members engaged in the same business, or practiced the same trade or profession. The guilds, moreover, were self-governing as is the modern town or city. The guild, like the town or city, had its own government,

with legislative, executive, and judicial branches; and the legislators, executives and judges received their powers not from the State, but like the modern town or city, from the people who belonged to them. The guilds were also all-embracing. In the craft guilds, especially, the members were not only the master craftsmen, but also the journeymen and apprentices (i.e., both owners and craftsmen belonged to the same guild, although in the Middle Ages, society was not so strikingly divided into capital and labor elements as it is today). A modern American example of what may be called a self-governing, all-embracing, (though not public) guild is organized baseball: which has its own legislative, executive, and judicial branches, and embraces both employers and employees.

9. The guilds differed from the modern labor union in this that the modern labor union is neither public, nor all-embracing. It is not public, but a free, private association of workingmen. Serious disputes among members of the modern labor union, for instance, must be taken to the public courts outside the union. It is not all-embracing, for capitalists are excluded. In the same way modern Chambers of Commerce and co-operatives differ from the guilds; for though anyone, laborer or capitalist, may join a cooperative, the organization is only a private association.

10. *Rich social life which was once highly developed* . . . This is an excellent description of medieval guild society in general. Medieval society in a given country was an organic whole (as society in any country, at any time, should be): i.e., a whole made up of heterogeneous parts, that is, different kinds of parts, under a single guiding principle or head. The State was the head, the heterogeneous parts were the towns, the guilds, and the families; and all of public life was *highly developed*—"composite evoluta" in the Latin. The members were vitally connected; they grew and flourished together as one social body made up of various members, each of which was all-embracing and self-governing in its own field, each contributed to the common good of the entire body politic, or of society at large. Note that this *rich social life*, i.e., a civil society deriving vigor and life from an abundance of lesser societies that go to make it up and that are organically united like members in a living body, is sometimes called "Christian Solidarism."

11. *There remain virtually only individuals and the State* . . . Note that the Pope says *virtually only individuals and the State*: towns and families still do stand, at least to some extent, between *individuals and the State*. But the public, self-governing, all-embracing guilds are gone; and even in the towns or cities and the families, *the State* is beginning to make encroachments. In some countries, city policemen are employees of the central government, and almost everywhere there are movements towards a State control of education—which belongs primarily to the family. In other words, there are movements towards a "totalitarian State" or towards a condition of not *virtually* but of absolutely nothing except individuals and the State.

12. In the modern world, labor unions, cooperatives, and chambers of commerce, while they are groupings of individuals, still are not members of the body politic as for instance cities, towns, villages are today, and the guilds were in the olden days. Nor do the rules and regulations of labor unions and cooperatives have the force of public law, as city or village ordinances do, or as the statutes of the guilds used to do. Nor final-

ly is membership in labor unions, coops, and chambers of commerce, completely obligatory (except in some few cases), as it is in the case of a modern village or city. For by the very fact of moving into a town, or at least of remaining there a short length of time, one necessarily becomes a citizen, with all the obligations and rights attaching to membership in that community. Similarly in the old days, by the very fact of practicing a certain craft or trade, one necessarily became a member of the guild with all the obligations and rights attaching thereto.

13. *With a structure of social governance lost..* This phrase might also be put as follows: "The State, with its character as the ruling agency in society lost.." In other words, once the guilds were gone, the various tasks and duties they had performed in civil society had to be taken over in all their details by the State. These included the detailed application of rules of fair competition in business, also of just prices; proper weight, measure, and quality of goods; social security in all its branches; public safety and sanitation; road building and maintenance; bridge building; etc., etc. Thus the State became *overwhelmed and crushed by almost infinite tasks and duties*, and could no longer properly fulfill its office of *social governance* or ruling agency in society.

14. *Overwhelmed and crushed by almost infinite tasks and duties.* Society in its natural condition may be compared to a large business concern—e.g., a contracting company building a skyscraper. Making up this company are the contractor at the head of all, and the various groups—masons, carpenters, steamfitters, electricians, etc., each with its own head mason, head carpenter, etc. But in its present condition, society is like a contracting company (if it could be called such) working on a large project, in which company there is nothing but the contractor and the many workmen; the contractor has to assign the work for each one; there is no head mason or head carpenter, through whom he can act. In such a situation, it is not difficult to see how the contractor, or the State, is *overwhelmed and crushed* with the various *tasks* formerly taken care of by the guilds, such as regulating trade and commerce, providing for the welfare of workingmen by safety laws, old age provisions. One is struck, for instance, with amazement and even resentment at the *infinite tasks and duties* of the U.S. Federal Government when one examines the almost endless (or *infinite*) number of pamphlets and publications of the Government Printing Office on many topics which have nothing to do with *social governance*: for instance, on Foods and Cooking, such pamphlets as "Studies in Crab Canning," "Making American cheese on the farm for home consumption," etc., etc., or on Fishes, Insects, Poultry, even Care of Infants.

15. Note that even in a society where intermediate groups like the guilds flourish, the State would have its function in these matters, passing and administering laws, to direct, supervise, stimulate and restrain these minor groups in regard to their own particular *tasks*—just as the contractor must direct, supervise, stimulate and restrain the various groups of workmen through their own superiors. Moreover, as has been said, since the guilds are gone today, the State necessarily has had to take over many of their functions. Hence the Pope spoke with approval above—*What was done by Civil Authority*—of such activity of the modern State. He does not, however, wish this unnatural state of things to continue, and in the next

section (n. 81-87) calls for the establishment of groups or "orders" which can relieve the State of these overwhelming burdens.

79. *As history abundantly proves, it is true that on account of changed conditions, many things which were done by small associations in former times cannot be done now save by large associations.*

**Why
to be
Reformed**

Still, that most weighty principle, which cannot be set aside or changed, remains fixed and unshaken in social philosophy: Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do. For every social activity ought of its very nature to furnish help to the members of the body social, and never destroy and absorb them.

1. *Many things which were done by small associations in former times cannot be done now save by large associations...* This applies especially to the great modern industries, which are now engaged in the production of steel, rubber and their products, or in transportation and shipping, production and business that was carried on in the Middle Ages by the small craftsman or merchant.

2. The reason for this change is because modern inventions have practically made it necessary. For instance, the invention of steampower gave rise to railroads, for which *large associations* are necessary both to supply the capital and the labor required. Also it gave rise to large factories with their endless machinery, which need *large associations* of capitalists to finance, and of workingmen to operate. Among other advantages, however, which this growth has brought about, the large company is able to conduct research laboratories for further progress and benefit to consumers.

3. It might seem contradictory at first sight for the Pope to declare that certain changes have taken place, and then assert that his *principle cannot be set aside or changed*. But really there is no contradiction here; his *principle* is that it is wrong for a *higher association* to take over functions which a lower one is able to perform. The fact is, however, that in the modern world, since the invention of steam, electricity, and new processes of working metals, *lesser and subordinate associations* cannot, e.g., establish or conduct the immense factories needed to operate modern machinery.

4. *An injustice and a grave evil.* Note that this is the general "principle of home rule," applicable not only to the State, but to any social body made up of various groups such as, for instance, a contracting company working on a project, or a modern University. It is an *injustice* to deprive the minor group or the individual of his function; for to take from anyone what belongs to him is injustice. And such interference is also a *grave evil*, or harmful to the order of the social body, as is evident when unwise executives do try to manage everything themselves, and take upon themselves, for instance, all the functions of head mason

and head carpenter, or as would be evident if, for instance, the President of a University would take upon himself the functions of the heads of various departments,—the heads of the various schools—agriculture, literature, history, or even the department of athletics.

5. A *body social* is a federation of various minor groups forming one unified body under a single head: such as a contracting company with its various groups of workmen—masons, carpenters, steamfitters, plumbers,—or a University with its various schools and departments. *Social activity* here means action by one group, affecting another; just as in the individual human body, the natural end and object of action by the members towards one another is to help, not to harm or destroy. Likewise, action by a member of a *body social* is naturally designed to help, *not to destroy or to absorb* the others.

80. *The supreme authority of the State ought, therefore, to let subordinate groups handle matters and concerns of lesser importance, which would otherwise dissipate its efforts greatly. Thereby the*

**How
to be
Reformed**

State will more freely, powerfully, and effectively do all those things that belong to it alone because it alone can do them: directing, watching, urging, restraining, as occasion requires and necessity demands. Therefore, those in power should be sure that the more perfectly a graduated order is kept among the various associations, in observance of the principle of "subsidiary function," the stronger social authority and effectiveness will be and the happier and more prosperous the condition of the State.

1. Taking the Federal Government of the United States as an example of the *supreme authority of the State*, these *subordinate groups* spoken of by the Pope might be, 1) the governments of the forty-eight States; 2) cities, towns, and villages; 3) families; 4) business concerns, large and small. *The matters and concerns of lesser importance* would be consequently such as the following: 1) for each of the forty-eight States, the regulation of intrastate commerce; 2) for cities, towns, and villages, the maintenance of police protection, regulation of housing; 3) for families, the choice of methods of education for the children; 4) for business concerns, the regulation of quality and quantity of production, technical business methods.

2. The "Code of Social Principles" gives the answer to the question, "Should the State stay out of business altogether," as follows, n. 157: "Special reasons may urge the State to take over the entire management as a state monopoly of certain industrial, commercial, or agricultural undertakings. But in general it should avoid absorbing the country's economic life in this way. If the nature of a service requires that the undertaking shall not be wholly in private hands, the State should endeavor, preferably to conducting it as a State concern, to retain a partial interest through some form of leasing out or granting concessions. In such cases private initiative may take a suitable share with the public authority, and under its supervision, in the management of services or undertakings of public interest, such, for instance, as railways."

3. *Directing, watching, urging, restraining.* The function of directing the States, cities, families, and business concerns towards the general welfare or the common good is really a general function which is applied in particular by the exercise of one of the other three. An example of *watching* or supervising seems to be found in the National Labor Relations Board, in its function of supervising the organization of laborers into unions of their own choosing; the Interstate Commerce Commission, which supervises interstate traffic and commerce; and the Federal Reserve Board supervising banking; the Federal Trade Commission, supervising, at least to some extent, business competition, advertising, etc. An example of *urging* or stimulating is clearly the Works Progress Administration, with its "pump-priming" of business; so too the United States Housing Authority, which by the offer of federal funds stimulates cities to undertake slum clearance and new housing; and the Federal Housing Administration, which by approving and backing reputable mortgage lenders, stimulates families to make needed improvement on their homes. Examples of *restraining* would be the Fair Labor Standards Act, in its function of stamping out unfair labor practices on the part of employers; also the anti-trust laws; the Holding Company Act (Wheeler-Rayburn Act); also the Tennessee Valley Authority, insofar as it restrains the power utilities from charging excessive rates by its own fair competitive rates. Note well that in assigning these functions of *directing*, etc., to the State, the Pope is by no means calling for dictatorship, or too much public interference in private concerns; such dictatorship is precisely what he is here condemning. See below n. 110 and n. 114.

4. The *graduated order* in e.g., the United States is that town or city and individual State be independent as far as its own functions are concerned, and dependent on the next higher group only in cases where it is really necessary; the higher group to intervene in the activity of the lower only in a *subsidiary*—i.e., a helpful—way; not in a way that will *destroy* or *absorb* the lower group. In brief, the higher group is to be subsidiary, or helpful, to the lower and no more.

5. The Pope in thus treating the functions of the State, it may be said here, is acting in accordance with the principles laid down in the introduction to Chapter Two—"The Authority of the Church in Social and Economic Matters"; that is, he is dealing with the moral side of the State—i.e., what is natural and right, and unnatural and wrong, about the State. Hence he is entirely within his own sphere in these pronouncements and recommendations.

No. 2. Institution of "classes"

81. *First and foremost, the State and every good citizen ought to look to and strive toward this end: that the conflict between the hostile classes be abolished and harmonious cooperation of the Industries and Professions be encouraged and promoted.*

Transition:
Mutual Cooperation of Industries and Professions

1. After a transition from the foregoing section, the Pope now speaks of the reform of the accepted system of relations between labor and

management as follows. First, he shows *what* is to be reformed, namely, the present grouping of men in society on the basis of *classes*; secondly, he shows *why* this grouping—this institution—is to be reformed, namely, because such a grouping divides men, instead of uniting them, and, if not reformed, will ruin all society; and thirdly, shows *how* it is to be reformed, namely, by uniting capital and labor in the “orders,” that is, the *Industries and Professions*.

2. *Industries and professions* is the term used in the text for the Pope’s Latin word “ordines.” Other translations of “ordines” have been “vocational groups,” “occupational groups,” “modern guilds.” The *Code of Social Principles* calls them “Corporative Groups” (n. 57, 66) “vocational groups” (n. 61); “vocational bodies” (n. 64). But terms like “vocational groups” seem rather awkward, round-about expressions for the simple Latin “ordines”; and “modern guilds” is not accurate, because the Pope studiously avoids the Latin term for the medieval guilds (“corporationes”); hence the English translation, it would seem, should avoid it likewise. In fact, the Pope is here coining a word, or rather giving a new meaning to an old familiar word. He takes the familiar Latin word “ordo,” meaning “order,” and gives it a new meaning as the name of these associations of labor and capital which he says must be formed; and he indicates the new meaning by always putting “ordo” or “ordines” (its plural) in quotation marks. It is suggested that his reason for calling these associations “ordines,” (as he indicates in the text here and below n. 84) is because they will introduce *order* in place of *conflict* in the relations of the classes. Some students of the Encyclical have suggested that this idea be followed in the English, and the word “order” or “orders” in quotation marks be used as the name of these associations. For the sake of brevity and clarity, this will be done here in the commentary.

3. As to names for the whole system of the “orders,” one rather pedantic but fairly common term is “vertical integration of society”; this is used in opposition to “horizontal integration of society,” which describes the institution of “classes.” The *Wage Earner*, a Detroit Catholic labor paper, uses the term “economic democracy,” and has an article in every issue on the subject. This excellent phrase, however, is sometimes misappropriated by the Soviets as a name for their slave system. Another term is “corporate State” or “corporative State,” but this is misleading for two reasons: 1) it is not really the State (i.e., the government) which is corporative, but the whole country; and 2) this term “corporate State” has come to be the accepted description of the particular economic and political system in Fascist Italy under Mussolini, 1922-43. Other terms are the “guild system,” or the “guild order,” or “the guild social order”; but since the Pope avoids using the Latin term for “guild” (namely “corporatio”), it would seem to be more in harmony with his thought to avoid it also in English. Catholics in France and England use the term “corporate system” or “corporative system”; the word “corporate” or “corporative” being used not as related to modern corporations, nor to modern cooperatives, but as related to the word “corporal”—i.e., “bodily”—since the Pope describes the “orders” as members of the social body—in Latin, “membra socialis corporis” (n. 83); and the “system” being used to distinguish the idea from that of the Italian Fascist corporate State. The *Code of Social Principles* uses

the term "vocational society" in the heading of its Chapter III; "corporative organization" in n. 64, 65; and "corporative order" in n. 68. The Report of the Commission on Vocational Organization of the Government of Eire (see "Further Readings" below page 185) calls the system "Vocational Organization."

4. *Harmonious co-operation of the Industries and Professions* (i.e., the "orders"). At the outset it may be well to give an outline of the Pope's idea of the "orders."

A. *What are the "orders"?*

They involve:—

- a. *Organized self-governing collaboration*—i.e., employers and employees working under a definite constitution, that is, under a definite *unifying force* covering the activities of their industries or professions (n. 83-4);
- b. *For the common good* of the industry or profession and of the whole country (n. 85);
- c. With the State acting only as *subsidiary* (n. 80-1);
- d. And each "order" having *any form of government* for itself—whatever form is best suited to establish justice and promote the general welfare (n. 86).

B. *Why form them?*

- a. Because they are the only *complete cure* for the ruin with which class war threatens the human race (n. 83);
- b. Because they are as *natural* as cities, towns, or villages (n. 83).

C. *How form them?*

- a. Through the activity of the *State and every good citizen* (n. 81);
- b. By means of *social legislation and policy* (n. 82);
- c. By utilizing *existing institutions* such as labor unions, co-operatives, and chambers of commerce (n. 87).

5. Note carefully two things which the Pope's system of the "orders" is not. First, it is not just another practical recovery or reconstruction scheme, on a par with the Townsend Old Age Pension Plan, Corporativism in Portugal, Italian Fascism, the Soviet experiment, Fr. Coughlin's money plan, the New Deal. Hence it is inaccurate to list it and evaluate it in connection with these schemes, as has been done at times even in Catholic text books. Rather, the Pope's system of the "orders" is the abstract or ideal blueprint with which any practical scheme of labor-capital relations must square in order to be truly beneficial to society. The "orders" are to any given practical scheme, with its defects and shortcomings, what human speech in general or in the abstract is to any particular language, with its exceptions and irregular verbs. Secondly, the Pope's system of the "orders" is not a minutely detailed blueprint; it lays down the broad rules of right and wrong for labor-capital relations, but allows variations of technical application. Any attempt at *organized collaboration and self-government* on the part of labor and capital to any least degree, is to that degree something that squares with the Pope's plan.

6. And there is a world-wide movement towards such organized collaboration and self-government in industry. The Pope is by no means

dreaming an idle dream in his proposal for the system of the "orders". Rather, he is seeing the shape of things to come, and is quite aware of the movement of the world in this direction. In 1931 the signs of the movement, it is true, were somewhat faint; but still the Pope (here in *QA*) perceived them, gave the movement his blessing, and even took the lead in urging it on. Nine years later, in 1940, the International Labor Office published a volume of 350 pages: "Methods of Collaboration between Public Authority, Workers' Organizations, and Employers' Organizations," giving many factual evidences of the movement that had sprung up all over the world from New Zealand to Finland, and from South Africa to Japan. In 1943, even the President of the American Chamber of Commerce, Eric Johnston, came out in favor of it; a similar pronouncement from this body would have been unthinkable in 1931. World War II, of course, gave a new impetus to the movement, because of the necessities of rapid and smooth war production. Upon the conclusion of World War II, moreover, President Truman called a "Labor-Management Conference", which met in Washington November 5-30, 1945 to establish long-term policies which would improve relationship between labor and management in American industry. — Special mention, too, must be made of the fact that in some countries since 1931, the rulers have actually set out, with varying degrees of success, and none of them perfectly successful, to establish a government and a way of grouping men in society expressly in keeping with the Pope's plan; i.e., Dollfuss in Austria, deValera in Eire, Salazar in Portugal, and Franco in Spain.

7. What has been said above does not mean, however, that any and every social scheme can be made to square with the Papal plan of the "orders." Far from it. The essence of the Pope's plan consists in *the organized, self-governing collaboration of labor and capital*. Any plan, therefore, which aims at class conflict instead of collaboration, lack of organization instead of organization, and tyrannical dictatorship instead of collaborating self-government in industry, stands completely opposed to the Papal plan.

8. In the United States, then, the actual movements or agencies or institutions which stand completely opposed to the Papal plan are the Communist Party and the Congress of American Industry of the National Association of Manufacturers. The Communist Party stands for class conflict; for though Earl Browder, General Secretary of the Party in the United States, declared early in 1944 that the Party was laying aside its policy of class struggle, this declaration was later denied in the official Communist Daily Worker, and in 1945, Browder was disciplined and deposed by the Party for his action. In any case, atheistic Communism without the class struggle is like Christianity without Christ. The policy-making group in the National Association of Manufacturers (see above n. 25/2 and 30/16), who have opposed bona fide labor organization, and the employers who have made use of terroristic and tyrannical methods, —such as labor spies and industrial munitions— to combat it (see above n. 30/16, and below n. 132/10-11) stand also completely opposed to the Papal plan of organized collaboration and self-government in industry.

9. *First and foremost, the State and every good citizen.* . . The Pope is going to speak in this section about the "orders". He begins by saying that the formation of the "orders" is of primary importance even for

the reform of the State. For in the foregoing section he had declared that the reform of the State will consist in its leaving tasks and charges of less weighty import to minor groups—such as, for instance, the “orders”. Hence, the *first and foremost endeavor* must be for the formation of the “orders”. Two phrases are noteworthy in this paragraph of the Encyclical: *the State and every good citizen*; and secondly, *the conflict between the classes*.

10. *The State* means here again not all society, but the government. *Every good citizen* must do his part in bringing about organized class collaboration in the “orders” for two reasons: First, because the State alone can never come to be the source of all salvation (*supra* n. 78). Secondly, because the “orders,” like cities, towns, and villages, are to be constituted and run not so much by the “State,” or the central government, as by the people, that is, by *every good citizen*—who belong to them. To be sure, practically speaking, the State will have to take the initiative. See below n. 87/4-5.

11. Just what *every good citizen* must do in order that class conflict be abolished and the “orders” be introduced, Pius XI indicates below (n. 87) by saying that existing institutions—i.e., labor unions, cooperatives, trade associations,—are to be utilized as the forerunners or means of introducing the “orders.” Hence *every good citizen*, if he is a workingman, must join his union and take an active part in supporting it and keeping the Communists out of control (note here the new obligation to join a bona fide union, over and above those mentioned above, n. 30/22). And if he is an employer, he should join a trade association, and work to keep out of control those men who want a policy of return to the days of unorganized class warfare. And the good citizens who are actually members either of labor unions or of employers’ associations must all work towards collaboration between unions and employers’ associations; see above n. 69/19 ff.

12. *Conflict between the hostile classes* . . . is commonly called “labor trouble,” “labor struggles,” “class struggles,” or “class war;” and consists in discord, hatred, strife between capital and labor or between “management and labor,” or between “industry and labor,” or between “employers and employees,” (which are the *classes*), over wages, hours of labor, working conditions, etc.

82. *The social policy of the State, therefore, must devote itself to the reestablishment of the Industries and Professions. In actual fact, human society now, for the reason that it is founded on classes with divergent aims and hence opposed to one another and therefore inclined to enmity and strife, continues to be in a violent condition and is unstable and uncertain.*

**What
to be
Reformed**

1. *Social policy of the State* . . . Note here the fact that the Pope does not say “the economic policy of the State”—which might mean a policy affecting only the production of wealth; because while the “orders” will help production and economic prosperity, their real and final objective is rather general peace and prosperity—the common good—than mere efficient production of wealth.

2. *Must devote itself . . .* The Pope speaks here as interpreter of the natural law, and asserts that the natural law imposes a definite obligation on the State, — i.e., on those who hold public office — to work for the introduction of the “orders.” As to just how this is to be done, see below n. 87/4-5.

3. If the comparison be permitted, economic life is like family life. Capital and labor are necessary for the production of new wealth; husband and wife are necessary for the family. But husband and wife need some institution to bind them together for the good of the family; this is the natural institution of indissoluble marriage. Similarly workers and employers need some institution to bind them together for the economic and social good of society; this is the natural institution of the “orders.” It follows that the institution of “classes,” leaving labor and capital each to itself, and opening the way to class warfare, is like the institution of trial or companionate marriage, or easy divorce, which leave husband and wife each to themselves, and, as is evident, make family life to be *in a violent condition*, opening the way to selfishness, quarrels, and separation.

83. *Labor, as Our Predecessor explained well in his Encyclical,*⁽¹⁾ *is not a mere commodity. On the contrary, the worker's*

**Why
to be
Reformed**

human dignity in it must be recognized. It therefore cannot be bought and sold like a commodity. Nevertheless, as the situation now stands, hiring and offering for hire in the so-called labor market separate men into two divisions, as into battle lines, and the contest between these divisions turns the labor market itself almost into a battlefield where face to face the opposing lines struggle bitterly. Every-

**How to be
Reformed:
the “Orders”
Differ from
“Classes”**

one understands that this grave evil which is plunging all human society to destruction must be remedied as soon as possible. But complete cure will not come until this opposition has been abolished and well-ordered members of the social body—Industries and Professions—are constituted in which men may have their place, not according to the position each has in the labor market but according to the respective social functions which each performs. For under nature's guidance it comes

**The
“Orders”
are
Natural**

to pass that just as those who are joined together by nearness of habitation establish towns, so those who follow the same industry or profession—whether in the economic or other field—form guilds or associations, so that many are wont to consider these self-governing organizations, if not essential, at least natural to civil society.

1. In brief, the Pope's reason *why* the institution of “classes” should be reformed is that the institution of “classes”—the grouping of men in society on the basis of capital and labor, or workers and employers—

(1) Encyclical On the Condition of Workers, n. 31.

means to group them by dividing them, putting them at war with each other, and thus eventually ruining all society. Treating this, he does three things: first, cites Leo XIII to show that labor is not a mere commodity—i.e., wages, hours, and conditions of labor, etc., are not things to be bargained over like so much merchandise; secondly, shows that in the accepted way of doing things in modern economic society, labor is nevertheless treated as something to be bargained over and fought for by those who have it to give and those who wish to hire it; and thirdly, states that these labor struggles will lead all society to ruin unless immediate steps are taken to check them. Note that the Pope speaks of two ways of checking, or curing, or reforming labor struggles or class war; one, which he mentions about the middle of this paragraph 83, is an emergency measure, to be applied *as soon as possible*; it consists in the signing of collective contracts, in government action such as the American NRA (National Recovery Administration, 1933-35), the Wages and Hours Act, the NLRB; the other, mentioned towards the end of par. 83, the *complete cure*, is that of the “orders”—to be treated under the heading: *how* the institution of “classes” is to be reformed.

2. Leo XIII showed that *labor is not a mere commodity* in RN, n. 16(31): “The following duties, on the other hand, concern rich men and employers: Workers are not to be treated as slaves; justice demands that the dignity of human personality be respected in them, ennobled as it has been through what we call the Christian character. If we hearken to natural reason and to Christian philosophy, gainful occupations are not a mark of shame to man, but rather of respect, as they provide him with an honorable means of supporting life. It is shameful and inhuman, however, to use men as things for gain and to put no more value on them than what they are worth in muscle and energy.”

3. As taken here, the *labor market* means that area of activity in modern industry in which wages and hours are fixed between employers and workers either by collective bargaining, individual bargaining, or no bargaining at all. The last named process exists among the great mass of unorganized who when they take the job are merely told what their wage rates will be or perhaps learn what it is only when they receive their first pay envelope.

4. Class was *plunging all society to destruction*. Written in 1931, these words could have seemed prophetic two years later, in March, 1933, when in the depths of the depression, with millions unemployed, banks failing and closing by the hundreds all over the United States, even “rugged Individualists” were begging the government to do something that *this grave evil might be remedied as soon as possible*. And note that an important part of the remedy actually supplied by the New Deal consisted in the removal of the main causes of conflict between employers and workers, (i.e., interference with the workers’ freedom in union organization and collective bargaining) which was done in paragraph 7a of the National Recovery Act passed in 1933, and later by the National Labor Relations Act. And World War II, breaking out in 1939 and spreading in 1941 with its ominous threat of *plunging all society to destruction*, also had its roots in class conflict; for Communism was a bloody reaction against class inequalities, and Nazism a bloody reaction against Communism. It is true that other factors also affected the spread of Communism and Nazism,

but they all were derived from or related to the class struggle.

5. The objection might be raised here that the United States has achieved a high degree of prosperity without these "orders"; so why seek to introduce them here? And the answer is that unquestionably the American standard of living is higher than anywhere else in the world. Aside from the fundamental fact, however, of the vast natural resources of the United States, this is due precisely to collaboration between labor and capital, not to class conflict. Whenever in American economic history there were strikes, conflict, sabotage, there in the same measure prosperity was retarded. Wherever labor and capital collaborated, there was economic prosperity and progress. Not Rugged Individualism, but "team work," economic collaboration, has been the secret of American material prosperity. This collaboration was often imperfect due to the fact that the workers were poor immigrants who felt no resentment, or were unable to express it if they had any, over their treatment as serfs and over low wages and hard working conditions. But when the sons of these immigrants grew up as Americans and took their fathers' jobs, they were not so easily satisfied. "Team work" for them meant more than it had for their fathers; and when their part of the team continued to be treated like serfs, conflict developed. Some remedies have been applied, like the National Labor Relations Act, the Wages and Hours Act, the Social Security Act. But as the Pope says, *complete cure will not come*, (even in America), until there is *organized collaboration* between labor and management in American industry and the professions; and such organized collaboration is what the Pope calls for in the "orders." It must be noted too that less than one-third of the American people have really been able to enjoy the "American standard of living"; see above n. 60/1.

6. Note the two points on which the "orders" differ from "classes"; first, the "orders" are *members of the "social body,"* but the "classes" are not. Secondly, men belong to one or the other of the "classes" by the fact of their being either capitalists or laborers, no matter what business they are attached to; while men belong to one of the many "orders" by engaging in a certain business—i.e., performing a certain *social function*, that is, making a certain contribution to the good of society—no matter whether they are capitalists or laborers.

7. A member of any body is a living part of it (like the hand, a member of the human body), that has a function altogether proper to itself, which it exercises naturally in harmony with the other members and which serves as a contribution to the general good of the body. In the "orders"—e.g., the farming, mining, manufacturing, or transportation industries, the banking or insurance business, or the medical, legal and teaching professions—each will have its proper function of farming, mining, etc., which will be naturally exercised in harmony with the others, and by which each group or "order" will make a certain definite contribution to the common good of society. The "classes," on the other hand,—capital and labor—are each helpless without the other; their function is a joint function; and if either tries to assert itself against the other, they contribute nothing to society except discord and class war.

8. But the "orders" are not to be like the army and navy, which in a way are departments of the central government; rather, they are to be like towns, which are true members of society without being depart-

ments of the government. Note that the "orders" are not the only members of society; they are to take their place with the towns, states, provinces, which are other members.

9. This brings up the question of representation in the local and national government, in countries which have a representative form of government, such as the United States. If the "orders" are as natural as towns, cities, villages, will they send their representatives to Congress along with the representatives of the Congressional districts? The Pope does not mention this point expressly, but it seems to follow very clearly from his principles that the "orders" certainly should have such representation, not only in Congress, but also in local government. There are two reasons for this. First, the U. S. Congress with its Senate and House of Representatives is patterned after the English Parliament with its Houses of Lords and of Commons. But the Houses of Lords and Commons were set up in the Middle Ages to represent precisely the Lords and the Commons,—the two main actual groups of interest in medieval society. In England today the Lords and the Commons still represent the people to some extent. But in the United States the Senate and the House certainly do not represent any two distinct groups of interests. As a matter of fact, both houses overlap in representing the geographical interests of all the people, but there is no official representation of the business or professional interests of the people, such as farming, mining, manufacturing, surgery, education. This leads into the second reason. There is no official representation of the interests of the farmer, manufacturer, miner, and others in the United States Congress; but the lobbyist is the unofficial representative of these interests. And while the methods of the lobbyist are often devious and questionable, his presence at every corner of the Congressional halls is witness that the interests he represents do need representation in the legislature of the nation, and that the modern thing to do would be not to leave it to a furtive lobbyist, but to recognize the need, organize the "orders" on that need, and give them official representation in local and national government.

10. It cannot, therefore, be alleged that the system of the "orders" is un-American. To say this is the same as saying that organized collaboration between labor and management is un-American; which is obviously at variance with the objective realities. Reference has been made above to the extent of collective bargaining in the United States (n. 30/8, and n. 69/24); to the increasing acceptance by employers of collective bargaining (n. 30/17); and to the beginnings even of labor's contributing its share to the management of the business (n. 65/3 and n. 69/30). All these activities are definite moves towards that complete self-organized and self-governing collaboration of labor and management which is the essence of the Pope's idea of the "orders." Besides, this collaboration would seem to find its most perfect realization in a democratic-minded people, like the American; in fact, American democracy has been lacking something on this very score; there has been political democracy,—democracy in regard to political office; but as regards economic life or economic democracy, the tendency has been very often completely un-democratic, with the employer a real dictator, treating his workmen like serfs or slaves. Finally, it may be mentioned again that insofar as the "orders" are self-organized and self-governing associations of all who are engaged in

one business, there actually is a thoroughly American institution which has at least some of the features of such an association, namely, organized baseball. The *Detroit Wage Earner* for October 17, 1917, commenting on Philip Murray's declaration at the 1947 CIO Convention that the CIO was determined to go on working for the establishment of "industry councils" (i.e., of the "orders") put it forcefully by saying that this system is "as American as corn on the cob."

11. As regards the stand of the American Bishops, it is stated in the "Bishops' Pastoral Letter" issued in 1920: "...in the later Middle Ages, the prevailing economic system was such that the workers were gradually obtaining a larger share in the ownership of the lands on which, and the tools with which, they labored. Though the economic arrangements of that time cannot be restored, the underlying principle is of permanent application, and is the only one that will give stability to industrial society. It should be applied to our present system as rapidly as conditions will permit." And in their 1940 statement on "The Church and Social Order," speaking of the remedies for problems in American social and economic life, they say (n. 53): "In the first place, there must be re-established some form of guilds or vocational groups which will bind men together in society according to their respective occupations, thus creating a moral unity."

12. The Central Conference of American Rabbis also issued a statement on February 26, 1942: "A Message on Industrial, Agricultural, and Social Conditions," in which they declare: "For many years the Social Justice Commission of the Central Conference of American Rabbis has advocated democracy within industry. We have always believed that the productivity of industry would be enhanced if management took counsel with labor... We recommend that industry instead of resisting shall welcome this new source of insight into its problem. We believe that such democratic participation of workers in the councils of management will not only increase efficiency as the knowledge and experience of workers will be available to management, but it will also prevent many of the tragedies, such as irregularity of employment, and the speed-up, which are the consequences of the operation of industry from the viewpoint of management alone."

13. And the National Study Conference of the Protestant Federal Council of Churches issued "A Message on the Churches and a Just and Durable Peace," March 5, 1942, in which it is stated: "Industrial democracy is fundamental to successful political democracy, and we therefore recommend that labor be given an increasing responsibility for and participation in industrial management. The principle of democracy in economic relations should be accorded wider expression by the development of stronger voluntary producers' associations, farm organizations, labor organizations, professional groups, and consumers' organizations, and their integration into some form of national economic council, for planning in cooperation with government for maximum production and consumption, and the abolition of unemployment. In each industry also, industrial councils should be developed, representative of management, labor, and consumers, for democratic direction of industries towards these same ends."

14. Note just how the Pope shows that the "orders" are natural. First, he says that since it is the natural thing for those who live near

each other to organize into *towns*, cities, or villages for the better attainment of the common interests they have because they live together, so it is just as natural for those who are engaged in the same business or profession, whether as employers or workers, to organize into "orders" for the better attainment of the common interests they have because they work together. Secondly, he adds that both *towns* and the "orders" are natural for one of two reasons: either because they are *essential* to civil society—as are arms or hands to man; or at least because they are *natural to civil society*, in the sense that clothes are natural to man. Catholic writers had been debating this point, and evidently the Pope wishes to leave each party free to hold its own opinion on this relatively unimportant question,—i.e., whether the "orders" would be to society what arms or what clothes are to an individual man.

15. The fact is, labor and capital or management have to work together in the industrial system; otherwise there will be no economic production, no progress, no prosperity. And if they have to work together, it is natural for them to organize for good order in their working together; otherwise their relations will be guided,—as often they have been—by the unnatural jungle law of the survival of the fittest; indeed, disorder and tyranny have generally reigned in industry instead of order, precisely because there were no "orders."

16. *The same industry or profession, whether in the economic or other field.* The *economic* are the "orders" of farming, mining, manufacturing, transportation; also insurance and banking, etc. Those in *other fields* are the "orders" of the medical, legal, teaching, and liberal professions.

84. *Because order, as St. Thomas well explains,⁽¹⁾ is unity arising from the harmonious arrangement of many objects, a true, genuine social order demands that the various members of a society be united together by some strong bond. This unifying force is present not only in the producing of goods or the rendering of services—in which the employers and employees of an identical Industry or Profession collaborate jointly—but also in that common good, to achieve which all Industries and Professions together ought, each to the best of its ability, to cooperate amicably. And this unity will be the stronger and more effective, the more faithfully individuals and the Industries and Professions themselves strive to do their work and excel in it.*

**Order in
the "Orders"**

1. In this paragraph the Pope shows how there can be order in the "orders," as follows: first, he takes St. Thomas Aquinas' idea of order in general, and shows that if there is to be true and genuine order in any society, there must be some strong bond uniting all its members; and secondly, shows that such a strong bond or *unifying force* is *present*, by which workers and management can be united in the "orders."

2. About St. Thomas' idea of order in general, note three things: first, that "order in general" here means order anywhere, or in anything—in a pile of stones, a flower, a building, or a society; secondly, that St. Thomas does not give this definition or description (*Unity arising from the harmonious arrangement of many objects*) explicitly, in the

(1) St. Thomas, *Contra Gentiles*, III, 71; cf. *Summa Theologica*, I. Q. 65, Art. 2.

places cited in the footnote; and thirdly, that the Pope's describing of the "orders" by an appeal to St. Thomas' idea of order in general is another reason for calling them "orders"; in fact, it seems to the present writer to be the reason why the Pope calls them "ordines" in Latin.

3. About *true, genuine social order* note three things. First, *social order* means a peaceful system of relationships existing between members of society. Secondly, in the old unorganized system of relationships between capital and labor, there was no *true and genuine social order*,—no *harmonious arrangement* of the relationships of capital and labor, but rather disorder and conflict. Thirdly, true and genuine social order between labor and capital means *unity* between labor and capital, arising from the harmonious arrangement of their many relationships by means of *some strong bond*.

4. Practically, *some strong bond* here involves three things. First, (and this is the only one the Pope indicates) there must be a common interest or a *common good* for which all the members of the society are working. Secondly, over and above the common interest, there must be organization, by means of common laws, rules or regulations by which all are helped to work for this common interest. And thirdly, there must be definite authority, by which the laws are made, administered, and applied. Thus in a city, which is a kind of society, there can be no *true, genuine social order* unless all are working for the *common good*, the common interests, of all the citizens; unless there are some city ordinances to guide them towards the common good; and unless there is authority to make the proper ordinances and watch over their observance.

5. Note that the Pope says that in the relations of employers and employees this strong bond is only *present* in the sense of being ready for use; but it has not actually been put into use by employers and employees. They have their common interest, but they have usually paid more attention to their conflicting, individual interests; and they have made no laws, and have set up no authority, derived from their joint consent, to assure collaboration for their common interests. Actually, whatever authority exists is that exercised by employers in virtue of their position, but it is not authority derived from the joint consent of the governed—both workers and employers together—as it should be in a natural grouping like the "orders."

6. The Pope said above,—n. 83,—that by a natural inclination, people who live *joined together by nearness of habitation* organize themselves into *towns*. They have what may be called a "geographical" common interest, in the fact that they live near each other; and it is natural for them to establish a "geographical bond" of organized city life. What the Pope is saying here is that people who work together in the same industry or profession have an "occupational" common interest; and it is equally natural for them to establish an "occupational bond" of organized collaboration in the "orders." Indeed, the common interest of a common trade or profession seems stronger even than the common interest of having the same home town; for when strangers meet, it gives them more in common if they discover they are in the same business than if they discover they are from the same town. Hence the Pope is not calling for any new revolutionary upheaval; he is only calling for *order*. The common interests are present in modern industry, workers and capitalists are there

side by side; only there is no organization for the common good. All they need is the housing, protection, and order that will come with organization in the "orders."

7. *Producing of goods or the rendering of services.* These terms indicate the two kinds of "common interests" under which all the "orders" may be grouped in general; and they also indicate the two ways in which the economic "orders" may be organized in particular.

8. Regarding all the "orders," Pius XI spoke above, n. 83, of *industry or profession—whether in the economic or other field.* The economic include the manufacturing, the farming, and the rest, and have their common interest in the *goods produced*; while the other kinds—the medical, legal, teaching, and liberal professions,—have their common interest in the *services rendered*.

9. Another way of grouping the "orders," however, may be made by taking the economic "orders" in particular. This will mean that the farming, mining, manufacturing businesses are organized on the basis of the kind of *goods produced*;—i.e., on what is called in the United States an "industrial basis," such as is the basis for the labor unions generally affiliated with the CIO. If organized on this basis, the "orders" would have for their common interest the *goods produced*. On the other hand, they might be organized on the basis of the type of labor done or service rendered, i.e., on a "craft basis," such as generally is the basis of the AFL unions. On this latter basis, the "orders" would have for their common interest the *services rendered*.

10. For example, the "Order" of Steel—labor and management in the steel industry organized for better steel production and the common good—would differ from the present steel-workers' union—the United Steelworkers of America—in two main ways: in its members and in its purpose. The members of the steel workers' union are only the workers; the members of the "Order" of Steel would be the workers and the employers together. The purpose of the steel workers' union is to negotiate and act for the workers only. The general purpose of the "Order" of Steel would be better steel production, as involving both workers and employers. Its purpose in particular would be the four functions described below (n. 84/14), of self-regulation, self-pacification, self-support, and self-provision for the whole steel industry, workers and employers together. Note, however, that the United Steelworkers of America have not been engaged exclusively in "the defense of the economic rights of the workers"; rather, they have been working in more ways than one for the good of the whole steel industry and towards the Pope's ideal of the "orders." See above n. 69/30.

11. And "orders" differ from company unions in two ways: first, a company union is confined to one company, whereas an "order" covers all the companies engaged in a certain business; and secondly, a company union has no laws which really bind the employers to anything; but in the "orders" there are laws and authority binding employers as well as employees.

12. Note that the "orders" are to get their legislative powers and their authority in general not from the central government—as was the case with the N.R.A. in the United States—but, like cities, from the people who belong to them. The members of the "order" themselves are to draw

up its laws, elect its officers, and give them their authority. Note that the main reason why the N.R.A. was declared unconstitutional had to do with this delegation of legislative power from the government. A way of forming "orders," therefore, which would make the groups constitutional and at the same time truly self-governing, would be to provide for the formation or "incorporation" of "orders" on a plan similar to the incorporation of cities.

13. As to the practical question of how many "orders" there will be, the answer is: at least as many as there are basic industries and established professions in a country. It is possible to group these industries and professions into a few general federations; the "Code of Social Principles," n. 64, recommends at least two such federations, one for the manual trades, the other for the liberal professions.

14. As for the natural and obvious functions of the "orders," they may be grouped under four heads: 1) self-regulation; 2) self-pacification; 3) self-support; and 4) self-provision. First, self-regulation: the "order" is to lay down rules and regulations, either permanent or as required by circumstances, regarding the technical requirements of membership (like the national regulations regarding the requirements for citizenship); regarding wages, hours, and conditions of labor; regarding the amount and the manner of production, distribution, and prices (which is the proper "planned economy" to be described a little later in the Encyclical n. 88/11 and 16 ff.); and regarding fair competition (which was almost the only regulation made by the old N.R.A.). Secondly, self-pacification: the "order" is to provide for the voluntary arbitration of the internal conflicts that may arise, as to some extent the present grievance committees provided by many union contracts do in various shops and industries; see above n. 69/30. Thirdly, self-support: the "orders" are to levy dues or taxes on their members, over and above their present dues, it is true, but which will not increase but supplant to a considerable extent their present taxes paid to the State. Fourthly, self-provision: the "orders" are to provide for 1) the technical education of prospective members—by means of technical schools, agricultural colleges, etc., which really belong to the "orders" concerned, and should receive from the State only the necessary *direction, watching, urging, and restraint*; 2) the care of disabled, retired, sick, or unemployed members—for all of which the dues or taxes levied by the "order" will be necessary. Regarding this provision for disabled members, note the words of the American Bishops in their "Program of Social Reconstruction": "All forms of State insurance should be regarded as merely a lesser evil, and should be so organized and administered as to hasten the coming of the normal condition."

15. *That common good, to achieve which all Industries and Professions ought to cooperate amicably.* This is simply the general welfare of the whole nation, or at least that part of it to which the "orders" contribute; and it involves two things: first, the relation of the "orders" to each other; and secondly, their relation to society at large, and the central government, or the State, in particular.

16. As to their relation to each other, the "Code of Social Principles," n. 62 and n. 64, says that social justice demands the uniting of all the "orders" under one "supreme authority," which will "regulate their mutual relations and direct their activities towards the *common good*." Note that

this "supreme authority" is to be derived like the authority in each "order," not from the State, but from the various "orders" themselves—just as the supreme authority in civil matters of the Federal Government at Washington is derived from the people of the forty-eight States, and has as its function "to promote the general welfare."

17. And as to their relation to the State or the government, the Pope says that all the "orders" together have as their common interest to contribute their part to the common good—or, as he says, *to cooperate amicably to achieve the common good*. And according to the "Code of Social Principles," n. 63 and 64, this contribution is to be made practical in two main ways: first, "a just relationship of dependence should be established" between the "orders" and the State: that is, the State should exercise its proper function of "directing, watching, urging, and restraining." This it can do by laying down general laws for the formation or incorporation of "orders"; by aiding them, for instance, in providing technical training for the youth or social insurance for the dependent; and by checking abuses in the "orders," e.g., checking a policy which would by its influence on foreign markets threaten the foreign relations of the country. Secondly, the "orders" should take over some of the tasks now discharged by the State—technical training, social insurance, specific labor legislation, etc.

18. *Each to the best of its ability.* The "orders" deal with only certain parts of the common good or the general welfare; there are other interests of the people and the State which do not pertain directly to the "orders"—such as police protection, army and navy matters, territorial questions, national finance, and foreign relations.

19. *This unity will be the stronger, the more faithfully individuals and the Industries and Professions (i.e., the "orders") strive to do their work and excel in it.* The functions of labor and capital (or management) are joint functions; working together, they produce goods or render services. The better each of the two does his part, therefore, the better will be the joint effort, and the stronger will be their unity. Similarly, the various branches of industrial life are mutually dependent (see above n. 69/25-7); the better each "order" tries to make its contribution to the good of the whole, therefore, the stronger will be the unity of all the "orders."

85. *It is easily deduced from what has been said, that the interests common to the whole Industry or Profession should hold first place in these guilds. The most important among these interests is to promote the*

**Main Objects
of the
"Orders"**

cooperation in the highest degree of each industry and profession for the sake of the common good of the country. Concerning matters, however, in which particular points, involving advantage or detriment to employers or workers, may require special care and protection, the two parties, when these cases arise, can deliberate separately or as the situation requires reach a decision separately.

1. In this section, note two main things: first, that the Pope very realistically does not expect the "orders" to do away with all possible differences between various groups; and secondly, that the different groups which will have to deliberate and decide upon their particular

interests, will not be always those of labor and management, or employers and employees, as usually understood, but also the various different groups within each "order"—as, for instance, within the agricultural "order," the dairy farmers, the wheat farmers, the cattlemen, etc.; or within some manufacturing "order," the retail and the wholesale merchants, etc.

2. *Reach a decision separately . . .* These words, if carefully examined in their context, imply an approval on the part of the Pope for the workers' right to strike even under the system of the "orders."

86. *The teaching of Leo XIII on the form of political government, namely, that men are free to choose whatever form they please, provided that proper regard is had for the requirements of justice and of the common good, is equally applicable in due proportion, it is hardly necessary to say, to the guilds of the various Industries and Professions.*⁽¹⁾

**The
"Orders"
Form of
Rule**

1. Leo XIII gave his doctrine on the form of political government in the Encyclical "Immortale Dei," issued November 1, 1885; in the English edition published by the Catholic Mind, November 8, 1936, the pertinent words of Pope Leo XIII are found on page 427, and in the Paulist edition, n. 4: "The right to rule is not necessarily, however, bound up with any special mode of government. It may take this or that form, provided only that it be of a nature to insure the general welfare." And on page 442, (Paulist edition, n. 36): "This, then, is the teaching of the Catholic Church concerning the constitution and government of the State . . . no one of the several forms of government is in itself condemned; inasmuch as none of them contains anything contrary to Catholic doctrine, and all of them are capable, if wisely and justly managed, of insuring the welfare of the State." Thus the Church approves both democracy and monarchy as forms of government taken in themselves, and condemns only the abuses that may arise in either.

2. *Men are free to choose whatever form they please.* At first sight one might wonder at the Pope's saying that *men are free to choose* any form of rule, including a dictatorship,—for how could men be free to choose a dictatorship form of rule? An American reader, in particular, might wonder further how any form of rule but a democratic and representative one could be just and beneficial. Yet men sometimes do freely choose a dictatorial form of rule as the most just and beneficial, even in the United States. For instance, to use a familiar example, when in December, 1920, the leaders of the industry of organized baseball were looking for a way of settling disputes in the industry—a judicial form of rule for the industry,—instead of making use of a democratic, representative way to settle these disputes, which they could have done by electing representatives of all concerned to sit at a kind of Supreme Court, they freely chose rather to name one man, Judge Landis, to be what amounts to a final dictator; in fact, the newspapers often called him "the Czar of Baseball." And this dictatorial rule in a very American industry proved

(1) Encyclical *Immortale Dei*, Nov. 1, 1885.

so just and beneficial,—at least, the men concerned were so satisfied with the way it worked—that Judge Landis was retained in office for more than 20 years. And when the industry of professional football was faced with the same problem of choosing a “form of rule” for its disputes, the leaders followed the example of organized baseball and freely chose one man, Elmer Layden, as the “Czar of Pro Football.”

3. *Provided that proper regard is had for the requirements of justice and the common good.* *Justice* here refers to the claims of personal liberty and human rights; and *the common good* refers to the claims of national unity, good order, social security, general welfare. Governments are supposed to satisfy both these claims; they are to assure liberty to persons and groups, yet at the same time promote good order and unity and security in national life. As can be readily seen, the two—personal liberty and national security—may easily conflict; and in practice, governments rarely if ever achieve both these objects perfectly. A democracy favors personal liberty, a dictatorial form of rule favors national unity and security. As long, however, as a particular form of rule, whether democratic or dictatorial, and whether in national government or in the “orders,” is what the people want, the Pope and the Church are satisfied merely to issue a warning against the abuses that may arise. In a dictatorship, the abuses will ordinarily be against *justice*, or against personal rights and liberties; and in a democracy, against *the common good*, or against national good order, unity, security, the general welfare.

4. This impartial stand has been the traditional stand of the Church on the *form of political government*. It was stated by Leo XIII in 1885, when democracy was the popular form, and when it was very unpopular to take a stand for anything but democracy. It was repeated by Pius XI—here in *QA*—in 1931, when the trend throughout the world was towards dictatorship, and when it was unpopular, especially in Italy, to take a stand for democracy. Towards the end of the 1930's and in the early 1940's, however, the dictatorships had assumed a vast decisive activity in the lives of the ordinary citizens. The abuses condemned hitherto by the Church in a general way, as liable to follow upon dictatorial forms of rule, now became the order of the day, especially in Germany and Russia. In view of these abuses, thinking men in the free countries of the world began to demand as a matter of natural justice that the citizens be given a voice in the affairs of government, even in the dictatorial countries. The Church was aware of the situation and of the justice of these demands. In his Christmas message of 1944 Pius XII gave them his clear approval. “If, then,” he said, “we consider the extent and nature of the sacrifices demanded of all the citizens, especially in our day when the activity of the State is so vast and decisive, the democratic form of government appears to many as a postulate of nature imposed by reason itself.” These words of Pius XII have their application also to the form of government in the “orders.” The trend towards dictatorship has become a world movement since World War I and the Great Depression. It will make itself felt also in the form of rule adopted in the system of the “orders.” To offset the abuses and injustices it may involve, natural justice or the natural law demands that all the members of the “orders,” both employers and workers, be permitted to enjoy a large degree of self government. It should be noted, however, that Pius XII stresses the fact that true

self-government can be found not only in a republic like the United States, but also in a country which has the external form of monarchy, like Great Britain. Similarly, in the "orders," it is not the external form that matters as long as the reality of self-government is present.

**The
"Orders"
Relation
to Private
Groups**

87. *Moreover, just as inhabitants of a town are wont to found associations with the widest diversity of purposes, which each is quite free to join or not, so those engaged in the same industry or profession will combine with one another into associations equally free for purposes connected in some manner with the pursuit of the calling itself. Since these free associations are clearly and lucidly explained by Our Predecessor of illustrious memory, We consider it enough to emphasize this one point: People are quite free not only to found such associations, which are a matter of private order and private right, but also in respect to them "freely to adopt the organization and the rules which they judge most appropriate to achieve their purpose." (1) The same freedom must be asserted for founding associations that go beyond the boundaries of individual callings. And may these free organizations, now flourishing and rejoicing in their salutary fruits, set before themselves the task of preparing the way, in conformity with the mind of Christian social teaching, for those larger and more important guilds, Industries and Professions, which We mentioned before, and make every possible effort to bring them to realization.*

1. Some of the *free associations* already existing in the United States are the labor unions, trade associations, chambers of commerce, cooperatives, the American Medical Association, the American Bar Association, etc. One very important free association, among those the Pope refers to here, is the Catholic society mentioned in the commentary on the doctrine of this Encyclical on labor unions, n. 34/5 and n. 35/12.

2. It may be asked: what will be the use of labor unions, trade associations, etc., within an "order," if the "order" itself is to make provision for the settlement of all labor troubles? The answer is that even where there would be no need for labor unions as agencies devoted to the defence of the fundamental rights of the workers, still they would have their function as representing and promoting the interests of the workers within the "order." Besides, the workingmen could still unite for recreational, social, benevolent, or educational purposes,—as the citizens of any city unite in various societies, such as the recreational bowling leagues, or the social "Lions," or the benevolent "Elks," etc., etc.

3. The *individual callings* which in the system of the "orders" would be at liberty to form free unions would be—as they are now—the various crafts of the carpenters, electricians, painters, etc. *Associations that go beyond the boundaries of individual callings* are for instance the American Federation of Labor, or the Congress of Industrial Organizations.

(1) Cf. Encyclical *On the Condition of Workers*, n. 76.

4. Other practical steps which could be taken for the formation in the United States of the system of the "orders" are as follows: First, legislation by the government which will *urge* or stimulate the formation of "orders" by providing that they have the same legal standing as that of cities, towns, or villages in the United States. In other words, laws should be passed something like the incorporation laws covering the organization of cities. Note that steps have actually been taken in this direction by the proposal urged in the U.S. Congress, especially by Senator O'Mahoney since the TNEC investigation (see below n. 105/3), that Congress issue national charters for the giant corporations which affect all parts of national life. Secondly, (though simultaneously with the foregoing), promotion of the labor union movement and of labor sharing in management (see above n. 65/3); promotion also of the cooperative movement in all its branches. Thirdly, formation of the Catholic societies such as the Association of Catholic Trade Unionists, with a view to guiding the labor movement toward a spirit of cooperation between labor and capital,—i.e., toward the "orders." Fourthly, the drawing up, by representatives of both employers and employees in the various industries and businesses and professions, of rules and regulations to govern mutual relations in their "order,"—which can be begun by promoting collective bargaining between industries and labor unions. And fifthly, Catholic colleges and universities can stress the importance of courses in labor organization and labor law, and train young men for these careers,—to offset the influence of labor organizers and labor lawyers who sometimes have no idea of working towards organized collaboration between labor and capital, but even work directly against it.

5. In the Encyclical on Atheistic Communism, n. 68, Pius XI is more detailed as to the part that existing institutions are to play in preparing the way for the "orders": "We are thinking, likewise, of those associations of workmen, farmers, technicians, doctors, employers, students, and others of like character, groups of men and women who live in the same cultural atmosphere and share the same way of life. Precisely these groups and organizations are destined to introduce into society that order which We have envisaged in Our Encyclical *QA*, and thus to spread in the vast and various fields of culture and labor the recognition of the Kingdom of Christ."

6. And men should not wait until they can put the Pope's program into practice perfectly before they act. If men always waited until they could do a thing perfectly, no good would ever be accomplished in the world. The Pope himself indicates that a beginning should be made with the existing elements. It seems unavoidable, moreover, that at the beginning and perhaps for some time the State will have to play a leading part; and to condemn this as being quite contrary to the Papal plan is somewhat inconsiderate, to say the least; for principles can hardly ever be applied in the concrete with all the ideal perfection that philosophers might like in the abstract.

No. 3. Institution of Economic Life

88. Attention must be given also to another matter that is closely connected with the foregoing. Just as the unity of human society cannot be founded on an opposition of classes, so also the right ordering of economic life cannot be left to a free competition of forces. For from this source, as from a poisoned spring, have originated and spread all the errors of individualist economic teaching. Destroying through forgetfulness or ignorance

**Transition:
The Directing
Principle of
Economic Life
to be Restored**

the social and moral character of economic life, it held that economic life must be considered and treated as altogether free from and independent of public authority, because in the market, i.e., in the free struggle of competitors, it would have a principle of self-direction which governs it much more perfectly than would the intervention of any created intellect.

**What
to be
Reformed**

But free competition, while justified and certainly useful provided it is kept within certain limits, clearly cannot direct economic life—a truth which the outcome of the application in practice of the tenets of this evil individualistic spirit has more than sufficiently demonstrated. Therefore, it is most necessary that economic life be again subjected to and gov-

**Why
to be
Reformed**

erned by a true and effective directing principle. This function is one that the economic dictatorship which has recently displaced free competition can still less perform, since it is a headstrong power and a violent energy that, to benefit people, needs to be strongly curbed and wisely ruled. But it cannot curb and rule itself. Loftier and nobler principles—social justice and social charity—must, therefore, be sought whereby this dictatorship may be governed firmly and fully. Hence, the institutions themselves of

**How
to be
Reformed**

people and particularly those of all social life, ought to be penetrated with this justice, and it is most necessary that it be truly effective, that is, establish a juridical and social order which will, as it were, give form and shape to all economic life. Social charity, moreover, ought to be as the soul of this order, an order which public authority ought to be ever ready effectively to protect and defend. It will be able to do this the more easily as it rids itself of those burdens which, as We have stated above, are not properly its own.

1. Note that the reform spoken of here is not the reform of the relations of employers and employees; it is rather the reform of the

relations existing between business men—capitalists, owners, proprietors—themselves, i.e., the relations of *economic life*, or business life. It was similar strained relations to which the Codes of Fair Competition of the United States National Recovery Administration (N.R.A.) endeavored to bring a remedy. In particular, Pius XI in showing here just what is to be reformed does three things. First, states his own general principle that business life regulated by the principle of free competition can no more have success than society based on warring “classes” can have unity. Secondly, he states the fact that the principle of free competition has given rise to all the errors of economic “individualism”; and thirdly, describes the evil,—free competition as the accepted way of regulating business life—by explaining its fundamental principle. In brief, this section may be said to give the Pope’s doctrine on the cause and cure of economic depressions. The cause, he says, is unlimited free competition; and the cure is self-government in business, guided by social justice and social charity.

2. Business life or *economic life* has, of its very nature, a twofold object: 1) to supply the entire people with the material necessities and conveniences of life; and 2) to compensate the business men themselves in the form of profit. Success in business life, then, or what the Pope calls *the right ordering of economic life* means that business life is actually being directed to this twofold object; and the true *directing principle* of business life is one which guides it to this object.

3. Pius XI has already referred in *QA* to some of the *errors of individualistic economic teaching*. For instance, he condemned in n. 25 the errors that the State must do nothing whatsoever in a positive manner to build up national prosperity, but only stand back and wait until someone’s rights are threatened or invaded before it can act. In n. 30 he condemns the error that labor unions are to be condemned, because they hinder the freedom of employers in hiring or firing workers. In n. 54, the error of the “iron law of wages” as interpreted by the Manchester School, according to which wages can never rise above the workers’ level of subsistence.

4. And these errors *originated and spread* from the principle of unlimited competition because, according to this principle, individual men are to be subject to absolutely no control or direction by the Church, or State, or labor unions, or cooperatives, or organization of any kind, in their economic dealings. Hence business, it is alleged, is to be absolutely free of regulation by the government; employers are to be absolutely free to hire or fire on any terms whatsoever they can make with individual workingmen; and capital is to be absolutely free to dispose of the profits of business to its own advantage.

5. This principle of no regulation of business by the government or any other created agency, which is condemned expressly here by Pius XI as *destroying the social and moral character of economic life*, and as disastrous for business itself, is nevertheless the principle asserted by the Congress of American Industry of the National Association of Manufacturers, in its “Declaration of Principles relating to the Conduct of American Industry,” issued December, 1939. On page 2, for instance, the following statements occur: “A fundamental requirement for the successful operation of the free enterprise system is that each individual

business shall pursue its own course on a plane of enlightened self-interest. . . . No authority outside the individual enterprise, be it industrial cartel, labor union, Government bureau, or economic dictator, can constructively substitute its dictates for those of responsible management." Any possible vagueness as to the exact meaning of these "declarations" is removed by the actual record of the National Association of Manufacturers, as revealed in the 1939 Report of the Senate Civil Liberties or LaFollette Committee; see above n. 25/2, 30/16.

6. *The social character of economic life* consists in the relation of economic production and competition to the common good, or in particular to the first object of business life: "To supply the entire people with the material necessities and conveniences of life." Its *moral character* consists in the right and wrong of business life, i.e., in business dealings insofar as they help or hinder those concerned in keeping the moral law and saving their immortal souls. On this point see the Introduction to Part Two of *QA* n. 41/7.

7. To justify the principle of unlimited competition, the individualists applied the alleged law of "the survival of the fittest" from the biological world to the economic world; French economists formulated it in the famous phrase: "*Laissez faire, laissez passer, et le monde va de soi*"—let every one do as he pleases, and everything will turn out for the very best; and in this form it was held up as an inexorable economic law. The Pope would seem to indicate that they consider it an "uncreated" law, since they held that every *created intellect* should bow before it.

8. Pius XI says, however, in the Introduction to Part Two of *QA*, n. 42, that no "economic law" is a law in the true sense, but only a statement of what results are attainable or not, and what means are practicable for human effort in the economic field; but "*laissez faire*" is not even a true economic law, for it states that the economic object of "everything turning out for the very best" was attainable only by "letting everyone do as he pleased"; whereas, as the Pope shows, the very opposite would be a true statement of the case: let everyone do as he pleases, and everything will turn out for the very worst.

9. It is not the Pope's teaching, however, that business is to have no self-regulation at all; what he teaches is that the principle of free competition alone will not regulate, but destroy business; and what he actually calls for is precisely a true principle of self-government in business, or the true *directive principle of economic life*, as will be seen directly.

10. Nor does he condemn all free competition; he says expressly that free competition is *justified and certainly useful, provided it be kept within certain limits*; what he condemns is the foolish and unreasonable claim that free competition alone, to the exclusion of any thought of help or economic planning by any created mind whatsoever, can bring success to business life.

11. And it is not the State which is to do all the regulation of economic life; the Pope teaches that business should do its own economic planning, but that the State, here as elsewhere in public life, should exercise its proper function of safeguarding and protecting.

12. The reason why business life needs reform, according to the Pope, is that as a matter of fact free competition has not succeeded in

accomplishing either of the two objects of business life; i.e., it has brought depression instead of prosperity to the people at large, and has brought bankruptcy instead of profit to many business men.

13. In explaining this point, note that the Pope does three things: first, he admits that free competition is right and advantageous if limited by something outside itself; secondly, shows that free competition as a matter of fact has failed as the sole directing principle of business,—(he develops this more in detail a little later in the Encyclical, n. 109); and thirdly, states that the offspring of free competition, namely, economic dictatorship, cannot regulate business life because it is a *kind of headstrong power and violent energy*.

14. The Pope explains *economic dictatorship* in detail farther on in the Encyclical (n. 105 ff.); here it is enough to say that it means concentration of business power in the hands of a few, as is evident in holding companies, trusts, monopolies. Obviously, it is to be carefully distinguished from political dictatorship.

15. The concentration of business power in the hands of one man or a few men, especially in this age of standardized machinery and methods, can make for economy and efficiency in production and marketing, as the Pope says here; but in order that the money thus saved and gained be not devoted to the private profit of the few business or economic dictators exclusively, their power must be *strongly curbed and wisely controlled*; that is, it must be *brought effectively under public authority in those matters which pertain to the latter's function*, as the Pope says later, n. 110.

16. Note the five steps or means which Pius XI gives here to show how business life is to be reformed; i.e., how *loftier and nobler principles* are to be applied. First, *public institutions*, etc., are to be imbued with social justice; secondly, social justice is actually to do the work of regulating business life by *establishing a juridical and social order that will give a form and shape to all economic life*; thirdly, *social charity* is to be the soul of this order; fourthly, *the State* is to give its backing to this order; and fifthly, the various nations are to form *international economic treaties and institutions*.—Note here the interesting thing that the Pope does not declare at once that the State is to do all the reforming in this matter,—all the regulating of competition and controlling of dictatorship; rather, this is to be done by self-government in business, with backing from the government.

17. Some of the *institutions of peoples* (i.e., the accepted way of doing things pertaining to the public life of the nation) are: the national constitution (in constitutional countries); the government in its various branches,—legislative, executive, and judiciary; the accepted social groups or divisions, such as cities for civic life, and the “orders” for economic life; the national system of education, the public press, the radio, etc. The *institutions of all social life* would include, besides the above, such institutions as labor unions, chambers of commerce, cooperative societies; also things like the stock exchanges, corporation business, advertising, etc.

18. And they will be *penetrated with this justice* if they are directed rather to the common good than to the selfish interests of individuals. The Pope's doctrine already given in *QA* on labor unions, etc., and on

the reform of the State and of economic "classes" amounts to a program for penetrating at least the particular institutions of the State and of the "classes" with social justice. Other cases of *penetrating institutions with this justice* would be, e.g., 1) amendments to the constitution of a country, if the constitution as it stands obstructs social justice; 2) the election by the people and the appointment by those in authority of public officials who are likely to do their part to imbue the legislature, the executive, and the judiciary with social justice; 3) as regards labor unions, cooperatives, etc., emphasis placed on the possibilities of cooperation between interests now opposed, rather than exclusively on class war, etc.; 4) as regards education, emphasis on the demands of the common good, rather than on the individualistic idea of "making a fortune" or "getting-rich-quick"; and finally, 5) as regards the stock exchanges, business corporations, etc., reformation in the ways indicated by Pius XI in Part Three of the Encyclical (n. 132/12 ff.).

19. This insistence of the Pope, however, on social justice and the common good is not to be taken as a condemnation of the profit motive in business. In fact, the Pope says later in the Encyclical, n. 136: "Those who are engaged in producing goods are not forbidden to increase their fortune in a just and lawful manner; for it is only fair that he who renders service to the community and makes it richer should also, through the increased wealth of the community, be made richer himself according to his position." In speaking of social justice and the common good, he only urges that the common good be considered more important than private profit; which is the common-sense and natural thing to do.

20. A *juridical and social order* is the sum-total, the system, or the code of all the rights, obligations, and relationships existing between members of a certain group,—as has been shown above, n. 69/20. In particular, this juridical and social order *giving form and shape to all economic life* is the sum-total of the rights, obligations, and relationships existing between various business men and governing their business relations. Hence it is not so much a matter of the relations between employer and employee, as of those between capitalists, or business men, themselves. It covers such things as: 1) fair methods of competition (of which the "Codes of Fair Competition" of the N.R.A. were examples); 2) the amount and extent of production or service to be allowed business firms (this is a feature of "planned economy," and has a kind of example in the work of the Interstate Commerce Commission in the United States); 3) government regulation and even ownership of "certain kinds of property," as Pius XI says later in *QA* (n. 114), which "carry with them a dominating power so great that it cannot without danger to the general welfare be entrusted to private individuals."

21. This regulation will give a *form and shape to economic life* because it will substitute order for the *hard, inexorable, and cruel* struggle which characterizes the regime of free competition and business dictatorship as it exists at the present time.

22. Practically, this *form and shape* will consist in a reasonable regulation of the output and prices of business. And the regulating is to be done in the main not by the government, but by business men themselves, acting of course with the government in a secondary or "subsidiary"

role, and with labor making the contribution of its own counsel and assistance. The government is not to do all the regulating, for this would be the evil of the totalitarian State, already condemned by the Pope (n. 79) as an "injustice and a grave evil and a disturbance of right order." Besides, he declared here in n. 88 that the function of the State in regard to this juridical and social order is *to protect and defend*,—in other words, to occupy a secondary rather than a primary place in its formation and development. And the workers are to have a voice, even though a secondary one, in the formation of this juridical and social order, for its work of regulating the output and the price of business is intimately bound up with the workers' wages and working and living conditions. Such a "voice" would be only another instance of "labor sharing in management" already called for by the Pope (n. 65).

23. The functions of this *juridical and social order* are, in short, to be the functions of self-government applied to business life by business men themselves: i.e., legislation regarding business methods, production, etc.; administration of the laws or regulations laid down; and judicial application, with the power to impose penalties for infractions of the laws;—the laws to be made, administered, and applied, and violations of the laws to be punished—by the business men themselves.

24. And note again that this *juridical and social order* should be set up by the business men themselves, as far as possible. It may, however, be necessary for the central government to take the initiative in laying down conditions on which business men may form their self-governing bodies; it will also be necessary for the central government to act in those cases where it must regulate or take over "certain kinds of private property." See below n. 114/2.

25. As to the relation between this juridical and social order and the system of the "orders" in general, Pius XI declared in the preceding section, n. 85, that where the particular concerns of either employers or employees need special care or safeguards, the group concerned can hold its own deliberations and make decisions as required by the case. This matter of the proper regulation of business life is precisely one where the particular concerns of *employers* need special care or safeguards; hence the *juridical social order* spoken of here will form a section of the general "order."

26. *Social charity* is a new term in Catholic usage, and is used only twice in the Encyclical,—here and in n. 126. The idea expressed by it, however, is not new but as old as the Church itself; it can be explained by analyzing the two terms *charity* and *social*.

27. Pius XI explains *charity* further on in *QA*, n. 137, as the virtue which prompts "the constituent parts of society" to feel deeply that they are all "members of one great family and children of the same heavenly Father; nay, that they are one body in Christ and everyone members one of another"; he indicates the same thing in the conclusion to this very section on the Reform of Institutions; Leo XIII gives the same explanation in *RN* n. 21 (28); and it is likewise given in the Catholic "Code of Social Principles," n. 161.

28. Social charity, then, is charity as just described, with special reference to its social effects—to its effects, that is, on human society in

this world. Thus one and the same charity has these two effects: one for human society in this world; and another for immortal souls in the next. The Pope, as is proper in an Encyclical on "The Reconstruction of Social Order," emphasizes the social effects by speaking of "social charity"; although he is not to be understood as declaring that social charity is limited to this world; ultimately, its effects too are the eternal benefits of the salvation of immortal souls in the next world.

29. Social charity, then, is to be the *soul of the juridical and social order* by uniting the minds or hearts, or the souls, of business men in their juridical and social relations.

30. And this uniting of minds and hearts is necessary, because in human relations, a union of hearts and minds, or souls, is precisely what makes the relations human, since heart and mind or soul is precisely what makes men's activities human. Practically, too, men of ill-will can always find means of evading any man-made laws or codes; so unless men are united by this spirit of cooperation or charity, the codes will be a failure.

31. To demand this kind of collaboration may be asking a good deal of business men; but it is the price of true business success for society and for the average individual business man; history and experience demonstrate what happens when not charity, but only individual interest is the regulating principle and the soul of business life. The fact that charity is something supernatural shows the necessity of the supernatural for success even in natural things, and the necessity of the guidance of the Church, the guardian of the supernatural, even in social and economic matters.

32. The difference, then, between social justice and social charity in the juridical and social order is similar (as the Pope seems to indicate) to the difference between the body and the soul of an individual man; social justice is the framework of the juridical and social order; social charity is its soul. Social justice prompts men to make and to keep laws and regulations for the common good; social charity prompts men to mutual forbearance, kindness, understanding, helpfulness over and above the requirements of human laws for the common good.

33. The Pope indicates two things the State is to do in regard to this juridical and social order:—first, be prompt to *protect and defend* it; and secondly, as a means to this function, *rid itself of the burdens* which are not its own—as has been already explained in the section on the Reform of the State, n. 78-80.

34. The "Code of Social Principles" enumerates various ways in which the State is to *protect and defend* this social and juridic order. In n. 153, for instance, the Code prescribes that the State "has the full right to combat unjust speculation and every kind of usury," and urges that it protect consumers. In n. 155, it approves of reasonable tariffs. And in n. 156, it declares that the State should set up a "National Economic Council," made up of representatives of the "orders," so that the State may be able to give "a general direction to the national economy." And see above n. 83/13.

35. And this is really the State's business; for there must be some agency to co-ordinate the plannings and the activities of the various businesses in a nation, for the common good; and the natural agency to

do this is the State, i.e., the central government. Note that the "central government" in the Papal plan need not at all be a dictatorship; in fact, the doctrine of the Encyclical, as far as its insistence on the recognition and representation of the liberty and the rights of all is concerned, would seem to be more easily practicable under a democratic than under a monarchical or dictatorial form of rule.

36. Note also that business men should look to the good of the consumers in drawing up their "codes," for this is an important feature of the common good, and an important obligation of social justice and charity. Hence consumers should also be represented in the drafting and administration of the codes.

89. *Furthermore, since the various nations largely depend on one another in economic matters and need one another's help, they should strive with a united purpose and effort to promote by wisely conceived pacts and institutions a prosperous and happy international cooperation in economic life.*

1. *Pacts and institutions . . .* The Trade Agreements Act, passed in 1934, authorized the making of "reciprocal trade agreements" between the United States and other nations on terms mutually beneficial. This was a modification of policy from the old tariff system in which one nation taxed imports from abroad with a view only to its own advantage. Between 1934 and the outbreak of World War II the United States entered such "reciprocal trade agreements" with about 20 nations under the Act. These agreements are good examples of the *pacts* the Pope is calling for here. There were also the "World Economic Conferences" of 1927 and 1930; and during World War II, with a view to post-war reconstruction, two important conferences were held in the United States in 1943: one of the Council on Food and Agriculture, in which 44 nations participated, and the other of the Council of the United Nations Relief and Rehabilitation Administration, (UNRRA). Early in 1944, also, the Committee on International Reconstruction of the Cooperative League of the United States held a two-day conference at Washington attended by representatives of many nations. After the war, delegates from 57 nations met at Havana, Cuba, in 1948 and signed a Charter for an International Trade Organization (ITO). Its main objective is the organization of production and trade on an international scale, but in such a way that human values and national resources be not unjustly exploited. After the war, too, upon the suggestion of George Marshall, U. S. Secretary of State, the European Recovery Program (ERP) was set up, and approved by the American Congress in 1948. The ERP is an *institution* "to help Europe help itself" economically. Both the ITO and the ERP are outstanding examples of *institutions* designed to *promote a prosperous and happy international cooperation in economic life.*

90. *If the members of the body social are, as was said, re-constituted, and if the directing principle of economic-social life is restored, it will be possible to say in a certain sense even of this body what the Apostle says of the mystical body of Christ: "The whole body (being closely joined and knit together through every joint of the system according*

Con-
clu-
sion

to the functioning in due measure of each single part) derives its increase to the building up of itself in love." (1)

1. In these concluding lines to the section on the reform of institutions the Pope describes society or the *body social* as it will become if the reforms he suggests are adopted. Note here two things in particular: first, the Pope omits to mention "reform of the State," although he does mention the other two reforms—of labor and capital relations, and of business life—which he has just treated; and secondly, he compares the *body social* thus reformed to the mystical body of Christ as described by the Apostle St. Paul in his letter to the Ephesians.

2. The reason why he does not mention reform of the State here expressly, is because it will be implicitly involved in the reform of labor and capital relations, and in the reform of business life. What is wrong with the modern State, the Pope said above (n. 78-80), is that it lacks parts, members, organs, institutions which it should possess. But if class warfare between labor and capital is reformed by the formation of "orders," and if anarchy in business life is reformed by organized self-government in business, the very formation of the "orders" and of the "juridical and social order" in business will constitute in itself the reform of the State called for above in n. 80.

3. *It will be possible to say in a certain sense even of this body what the Apostle says of the mystical body of Christ . . .* According to traditional Catholic doctrine, admirably summed up and presented in the Encyclical of Pius XII "Mystici Corporis," the term, "mystical body of Christ" refers to the Catholic Church, which has Christ as its head, the Holy Ghost as its soul, sanctifying grace for its life, and the various groups of Catholics—clergy and laity, religious sisters and brothers, and married and single people living in the world—as its members or parts. It is *closely joined and knit together* by a single divine principle of life and power, namely, the Holy Ghost; and it *derives its increase from the functioning of each single part* in the proper way,—i.e., *in due measure*. Similarly, the Pope says here, the *body social*,—that is, civil society—will be *closely joined and knit together* if it has a genuine *directing principle of economic life* (n. 88); and it will *derive its increase from the functioning in due measure of each single part* if "orders" are established and each and all of them *strive to do their work and excel in it* (n. 84).

Further Readings on Reform of Institutions On Reform of the State

On the *guilds*, see Husslein, *Democratic Industry* (Kenedy); Spalding, *Chapters in Social History* (Heath); Toner, *The Closed Shop* (American Council on Public Affairs), Chapter II. Also the excellent N.C.W.C. Social Action pamphlets: Clancy, *Sound Old Guilds*; Somerville, *Why the Guilds Decayed*. And CE, article "Guilds"; ESS, article "Guilds."

On the *trend towards totalitarianism in government*, see Belloc, *The Servile State* (B. Herder Co.); Fanfani, *Catholicism, Protestantism, and Capitalism* (Sheed and Ward) Ch. III and VI; Dawson, *Religion and the Modern State* (Sheed and Ward) Introduction; Tawney, *Religion and the*

(1) Ephesians, 4/16.

Rise of Capitalism (Harcourt Brace); Haas, *Man and Society* (Century) Ch. X; Cronin, *Economics and Society* (American Book Co.) Ch. II. Also the N.C.W.C. Social Action Series pamphlet: Cronin, *Rugged Individualism*. And ESS, article "Individualism." The peace messages of Pope Pius XII have also dealt in special detail with the evil of individualism and its remedies; see especially his first Encyclical "Summi Pontificatus," and his Christmas messages of 1940 and 1942.

On Reform of "Classes" and the "Orders"

On the *general theory of the "orders,"* Catholic authors, while devoting some space to the subject, sometimes list it alongside other theories like Russian Communism, Italian Fascism, etc., as though it were only another scheme competing with these plans; and perhaps not the most practical on the list.

The best this writer has seen in English on the general theory of the "orders" is: Dempsey, *Corporate Democracy*; Ares-Fay, *What Is Corporate Organization*; and MacDonnell, *Reformation of Institutions* (all three Central Verein pamphlets); and a series of articles in the *Christian Democrat*, 1935, p. 53, 140, 165, 180. See also Nell-Breuning and Dempsey, *Reorganization of Social Economy*, Ch. X-XI (Bruce); Husslein, *The Christian Social Manifesto*, Ch. XXX; Bruehl, *The Pope's Plan for Social Reconstruction* (Devin-Adair) Ch. XIX ff. O'Shaughnessy, *Economic Democracy and Free Enterprise* (Harper); also the N.C.W.C. Social Action Series pamphlets: McGowan, *New Guilds, a Conversation*; Clancy, *Sound Old Guilds*; and Schmiedeler, *Balanced Abundance*; and the Catholic Social Guild of Oxford pamphlet; *The Guild Social Order*. See also ESS, article Functional Representation.

For instances of actual trends towards the "orders," see: *Methods of Collaboration between the Public Authorities, Workers' Organizations, and Employers' Organizations* (International Labor Office); and a summary of this book in the *Monthly Labor Review*, September, 1940, — later issued in bulletin form by the U.S. Department of Labor as Serial n. 1180; also a supplementary volume to the above, entitled *Wartime Developments in Government-Employer-Worker Collaboration*; and a volume on the possibilities of cooperatives in this field entitled *Cooperative Organizations and Post War Relief*. Also Cotta, *Economic Planning in Corporative Portugal* (King, London). On Austria under Dollfuss, see *Social Justice Review*, Sept., 1941, p. 141 (very good); and on England, Richardson, *Industrial Relations in Great Britain* (ILO); and the TNEC Monograph n. 40: *Regulation of Economic Activities in Foreign Countries* (on Great Britain, Germany, France, Argentina, Brazil, Chile, Mexico); and Lorwin, *National Planning in Selected Countries* (Germany, Sweden, Latin America), a publication of the National Resources Planning Board, Technical Paper n. 2. On Ireland especially see the Report of the Commission on Vocational Organization of the Government of Eire, (excellent), containing information on the general history of vocational organization, and evaluations of the trends in Italy, Portugal, Sweden, New Zealand, Denmark, Finland, Great Britain, Belgium, the Netherlands, France, Germany, Russia, and of course Ireland. On the development of the idea in Germany, 1865-1931, see the excellent *German Theories of the Corporate State* (McGraw-Hill) by Bowen.

On the possibility of the "orders" in the United States, see Munier, *Some American Approximations to Pius XI's "Industries and Professions"* (Catholic U. Press). Also Cooke and Murray, *Organized Labor and Production* (Harper's); Golden and Ruttenberg, *Dynamics of Industrial Democracy* (Harper's); two excellent books, highly recommended for a realistic yet practically hopeful view of the American industrial scene by men who know whereof they speak;—Philip Murray is head of the CIO, and Golden and Ruttenberg have been active in the organization of the United Steelworkers of America. In the *Catholic Mind* for April 8, 1933, p. 131, Michael O'Shaughnessy offers a tentative plan for the practical set-up of "orders" in America. Muller, *Lobbying in Congress* (H. W. Wilson Co.), indicates at least indirectly the part "orders" could play by furnishing bona fide representation of the interests of the various national groups, now represented by unofficial and furtive "lobbies." Also the N.C.W.C. pamphlets: Haas, *American Labor Movement*; McGowan, *Towards Social Justice*; and the "program pamphlet": *Organized Social Justice*.

On the name "orders," see Husslein, *Social Wellsprings*, Vol. II, p. 341; *Social Justice Review*, December, 1942, p. 270.

On the Reform of Economic Life

The best material on the condition of competition and business monopoly and the need of social justice and social charity in the United States can be found in the Committee Report and the Secretary's Report of the Temporary National Economic Committee (TNEC) investigation (see below n. 105/3); and the National Resources Planning Board study: *Structure of the American Economy*. For plentiful and very interesting details on competition and monopoly in the particular field of railroad financing in the United States, see the numerous reports of the so-called Wheeler Committee investigation of American railroads (see below n. 105/3).

See also the books: Cronin, *Economics and Society*, Ch. IV-V; Ryan, *Better Economic Order*, Ch. II; Ware and Means, *The Modern Economy in Action* (Harcourt Brace), Ch. I-III, X-XI. And the N.C.W.C. pamphlets: Cronin, *Rugged Individualism*; *Prices in the United States*; Brown, *Economic Power in the United States*; Morrissy, *What Laws Must We Have?*; Schmiedeler, *Balanced Abundance*; and the excellent pamphlet by Reinhardt (published by Bruce), *The Commonwealth of Nations and the Papacy*.

Appendix on the System of Syndicates and Corporations of Italian Fascism

91. Recently, as all know, there has been inaugurated a special system of syndicates and corporations of the various callings which in view of the theme of this Encyclical it would seem necessary to describe here briefly and comment upon appropriately.

1. Note here four things. First, the Pope is not discussing in *QA* n. 91-6 the philosophy of Italian Fascism. Secondly, he is not discussing the thing (whatever it is) that Communists mean by "Fascism." Thirdly, what he actually is treating is the external economic organizational structure set up by Mussolini in 1926-43, *the special system of syndicates and corporations*. Fourthly, the Pope does not use the term "Fascist," but always is careful to describe exactly what he means.

2. The Pope is not discussing here the philosophy of Fascism. He had already condemned it on repeated occasions, and even in a previous section of *QA*, n. 78-80, as the philosophy of the totalitarian State. Indeed, by 1931 it had come to be the expected thing in Fascist Italy that whenever Mussolini or some other Fascist leader made a public statement expressing some principle of the totalitarian State, the Pope would come out immediately with a stinging rebuke and condemnation. The condemnation of the philosophy of Fascism in *QA* n. 78-80 seems to have brought things to a crisis, for immediately the Fascists began angry demonstrations against the Pope and the Church. Pius XI retorted with the Encyclical *Non Abbiamo Bisogno* of June 29, 1931, in which he again condemned the principles of totalitarian philosophy. Towards the end of the year, however, an agreement was reached in which Mussolini pledged himself to respect the rights of the Church in future, in other words, to refrain from attempting to put totalitarian principles actually into practice. On this basis, an era of peaceful relations between Church and State was enjoyed in Italy. Towards the end of the 1930's, however, Mussolini again began to assert the totalitarian claims of the State, and finally early in 1939 Pius XI felt it his duty to speak out again. He summoned all the Bishops of Italy to be present in Rome for an address he was to deliver February 10, 1939. If they pleaded poverty as an excuse for not coming, he sent them the money for the journey himself. On the evening of February 9 they were all in Rome; and that night, or early next morning, by an extraordinary intervention of Providence in the affairs of men, Pope Pius XI died. The Bishops who had come to Rome to hear him give a special address, stayed to attend his funeral. The address was never given; but according to the opinion which circulated at the time, it was to have been a new and special condemnation of Italian Fascist philosophy and policies.

3. In this section of *QA*, moreover, Pius XI is not talking about the thing (whatever it is) that Communists mean by "Fascism." The words "Fascist" and "Fascism" are terms of opprobrium to the faithful Communist Party member. The very vilest name that a Communist can call a backsliding comrade is "you dirty Fascist!" The origin of the opprobrium attaching to this term in the Communist vocabulary is interesting, as throwing light on the tyranny which the Party exercises even over the thinking of its members. Until the summer of 1935 the great enemy of Communists everywhere had been "bourgeoise democracy." But at the Seventh Congress of the Third International held in Moscow in the summer of 1935 the comrades there assembled noted with alarm that a new enemy had arisen, which threatened the spread and even the life of Communist propaganda and political activity throughout the world. This new enemy was the form of dictatorship which had come to power in Italy and

Germany. Compared with the repressive measures adopted in those "Fascist" countries, bourgeois democracy with its easy going toleration was offering no difficulties at all. Accordingly, as a means of meeting this new threat and enemy, party members throughout the world were ordered to make one of their numerous about-faces in the matter of official policy; henceforth they were to offer the "outstretched hand" of friendship to their old enemy, bourgeois democracy, in all sorts of "united fronts," and were to concentrate their hatred on the new enemy, the Italian and Nazi dictatorship,—both of which were baptized with the single name of "Fascism," as far as the purposes of Communist propaganda were concerned. The faithful members went to work with a will, and soon had succeeded in putting so much odious association with the names "Fascist" and "Fascism" that persons even remote from Communist affiliation began to use the terms in exactly the same sense of opprobrium, and often with as little thought of the positive meaning of the words, as the Communists themselves. In general, however, it may be said that to the average Communist the terms "Fascism" and "Fascist" mean any person or any movement opposed to the Stalin brand of Communism. For a time, any enemy of Communism outside Russia was called a Fascist, and any alleged enemies at home were "Trotzkyites," after Stalin's great enemy at home, Leon Trotsky. But after Trotsky's assassination in Mexico City in 1941, the term "Fascist" came gradually to mean any enemy of Stalin anywhere in the world, from the corner grocer to the Pope of Rome.

4. What the Pope actually is treating here in n. 91-6 is the system of organizations set up by Mussolini in the economic field: the *system of syndicates and corporations*. First he gives a description of the system (n. 91-4); and then comments on the system pro and con (n. 95-6). Note carefully the difference between the Pope's treatment of the philosophy of Italian Fascism, and his treatment of the organizations of the syndicates and the corporations. He condemns the philosophy absolutely, but he treats the syndicates and corporations (as he himself said shortly after *QA* appeared) with an attitude of "attentive benevolence" (see the *Acta Apostolicæ Sedis* 1931, p. 231). A careful student of Italian Fascism will find this stand of the Pope to be justified perfectly by the objective facts. Mussolini and other Fascist leaders had often given utterance to totalitarian principles in Italy just as extreme as any ever uttered by Hitler in Germany or by Stalin in Russia. Such principles merited and received absolute condemnation. In practice, however, Mussolini for some reason never pushed his totalitarian principles as far as did Hitler and Stalin. In Italy there were fewer actual restraints on freedom of religion, of speech and the press than in Germany and Russia. In Italy also there were far fewer persons in concentration camps than in Germany and Russia. Thousands and hundreds of thousands of persons were put to death for political and religious reasons in Germany and Russia; but in Italy such assassinations hardly reached as high as one dozen during the 20 years of Mussolini's reign. Hence Pius XI is acting in perfect accord with the objective facts of the case when after condemning absolutely the false principles of totalitarianism, he nevertheless takes a milder view of the actual system of syndicates and corporations set up by Mussolini in practice.

5. The terms *syndicates* and *corporations* in Fascist Italy had an entirely different meaning from their meaning in the United States. *Syndicates* was the general name for what we in the United States call "unions"; although in Italy there were syndicates not only of workers but also of employers. *Corporations* was the name not of groups of private citizens, as in the United States, but of an actual instrument or organ or branch of the government.

92. *The civil authority itself constitutes the syndicate as a juridical personality in such a manner as to confer on it simultaneously a certain monopoly-privilege, since only*

Description of the Syndicates *such a syndicate, when thus approved, can maintain the rights (according to the type of syndicate) of workers or employers, and since*

it alone can arrange for the placement of labor and conclude so-called labor agreements. Any one is free to join a syndicate or not, and only within these limits can this kind of syndicate be called free; for syndical dues and special assessments are exacted of absolutely all members of every specified calling or profession, whether they are workers or employers; likewise all are bound by the labor agreements made by the legally recognized syndicate. Nevertheless, it has been officially stated that this legally recognized syndicate does not prevent the existence, without legal status however, of other associations made up of persons following the same calling.

1. Note the four points the Pope gives in describing the syndicates. First, he states that they get their charter from the government; secondly, describes their functions; thirdly, shows in how far their membership is free; and fourthly, states whether other associations of workmen or employers may exist.

2. A *juridical personality* is an individual or a group that can be held responsible for his or its acts before the law.

3. Note that the word "category" in Fascist Italy meant the sum-total of all the workmen or all the employers engaged in the same kind of business, whether they belonged to a syndicate or not. The conditions for procuring a charter were that the members of a category who applied for the charter had to number at least ten per cent of the workers in the category, if they were workmen; and had to employ at least ten per cent of the workmen, if they were employers; that they had to have a social program for the welfare of the members (relief, technical education in the trade, etc.); the officers had to be competent and "trustworthy in matters of national doctrine"—i.e., they had to be loyal Fascists. The procedure was that the application was made to the government; if approved, the syndicate or "Federation" received its charter and was given a place in one of the "Fascist Confederations."

4. The *syndicate* was the local unit; the "Federation," the sum-total of all the syndicates of one single category in the country—e.g., of all the porters, or all the physicians, etc.; the "Fascist Confederations" were the nine great groups into which all the many Federations were banded.

5. Note that before 1934, there were thirteen of these Confederations; after 1934, there were nine; one for the Federation of Professional Men

and Artists: and two each for Farming, Industry, Commerce, Firms of Credit and Insurance,—one for workingmen and the other for employers. "The Fascist Confederation of Professional Men and Artists" contained 22 Federations: for physicians, nurses, midwives, architects, private tutors, lawyers, journalists, composers, authors, etc. "The Fascist Confederation of Farmers" had 4 Federations—differing mainly according to the manner of ownership, and including, it seems, tenant farmers. "The Fascist Confederation of Farm Laborers" had also 4 Federations—for various kinds of skilled and unskilled farm laborers. "The Fascist Confederation of Industrialists" had 45 Federations: for employers in all the main industries, and also for artisans, publishers, newspaper editors, theatrical producers, and those conducting private schools. "The Fascist Confederation of Industrial Laborers" had 29 Federations: for workingmen in various branches of industry, and also for such categories as stage-hands, dock-hands, chauffeurs, sailors, airplane pilots, actors on the legitimate stage or in the movies, chorus girls, professional athletes, and orchestra and band players. "The Fascist Confederation of Commercial Owners" had 37 Federations: for the owners of every kind of shop or store from bicycle shops to department stores; and also for hotel-keepers, peddlers, and operators of private sanatoria. "The Fascist Confederation of Commercial Laborers" had 5 Federations: for laborers in stores, hotels and taverns, educational institutions, and also porters. "The Fascist Confederation of Credit and Insurance Firms" had 13 Federations: for all kinds of banks and bankers (including private bankers!), also stock brokers, etc. "The Fascist Confederation of Laborers in Credit and Insurance Firms" had 4 Federations: for clerks and laborers in credit and insurance firms, or in customs offices.

6. Regarding the functions of the syndicates, Pius XI enumerates three out of their many functions: first, defense of the economic and social rights of all in the category; second, management of the supply and demand of labor; and third, bargaining for and concluding of labor agreements.

7. Strikes and lockouts were forbidden, but a part of the Fascist set-up was a special system of labor courts; and only the recognized syndicate could take a labor dispute to one of these courts. This is the sense in which the syndicates *can maintain the rights (according to the type of syndicate) of workers or employers*.

8. *Arrange for the placement of labor . . .* The Government established official employment agencies for the various categories, and attached them to the syndicates; all the unemployed, whether members of the syndicate or not, had to register at these agencies; and employers were not allowed to hire anyone except through the agencies.

9. *Conclude the so-termed labor agreements . . .* This means that, in the American phrase, the syndicate was "the exclusive bargaining agency" for the category, and that the agreements thus made concerning wages, hours, and conditions of labor were binding on all who belonged to the category, whether members of the syndicate or not. Note that hundreds of these agreements were signed.

10. The membership of the syndicates on January 1, 1940, was as follows: of the laborers' syndicates, 8,355,875; and of the employers' syndicates (estimated) about 2 million.

11. *This legally recognized syndicate does not prevent the existence of other associations . . . Such other associations were the organizations of Catholic Action, with their special "Sections" for members of the various trades and professions, especially as existent since 1931.*

93. *The associations, or corporations, are composed of delegates from the two syndicates (that is, of workers and employers) respectively of the same industry or profession and, as true and proper organs and institutions of the State, they direct the syndicates and coordinate their activities in matters of common interest toward one and the same end.*

**Of the
Corporations**

1. Note the three points in Pius XI's description of the corporations; he describes first, their make-up; secondly, their relation to the government; and thirdly, their main functions.

2. And note especially that this description of the corporations was made in 1931, when the corporations were only in the experimental stage; not until 1934 were they definitely established.

3. As to the history of the corporations before 1934: In 1926, certain laws were passed providing that the corporations, if and when formed, would serve as agents or organs of the government for the regulation of economic production and competition; but no corporations were formed. In 1930 the "National Council of Corporations" was formed; this was a kind of department of the government which might be called a testing-ground for future corporations; in fact, it contained 7 "Sections" which amounted to "experimental corporations." These "Sections" were: 1) the Liberal Professions and the Arts; 2) Industry and Artisans; 3) Agriculture; 4) Commerce; 5) Land Transport and Internal Navigation; 6) Maritime and Air Transport; 7) Banks. These seven sections seem to be the *associations or corporations* of which the Pope is speaking here.

4. In 1931, the *corporations* were only experimental; they were based on the employers' and workingmen's syndicates, as Pius XI says, and numbered 7; in 1934, they were definitely established as corporations based on "productive cycles," and numbered 22.

5. A productive cycle is the entire economic process from the recruiting of the raw materials to the marketing of the finished product. Italian Fascism distinguished three such cycles: the first was for products which begin their economic process in agriculture, and was called "the agricultural, industrial, and commercial productive cycle"; the second was for products which begin their economic process elsewhere than in agriculture, and was called "the industrial and commercial productive cycle"; the third was not really a productive cycle, but was the process whereby economic resources and utilities are given to the public and was called in general "service productive activities."

6. The idea of basing the corporations on the productive cycles was the subject of prolonged discussion before 1934. There were three possible ways of grouping the corporations: 1) on the basis of the syndicates,—i.e., the trades and professions, or the "craft idea" (to use a term familiar in the United States); 2) on the basis of the various prod-

ucts—the “industrial idea”; 3) on the basis of the productive cycles. The “craft idea” was rejected because (as Mussolini himself explained), it would simply have transferred bodily to the corporations all the difficulties already existing between employers and workingmen in their syndicates; and because in the vast field of agriculture especially, there was no relation between the syndicates and the various agricultural products. The “industrial idea” was rejected because the products were almost numberless, and “would have required,” as Mussolini said, “an excessive number of corporations, presenting insurmountable obstacles in the way of organization.” Hence the third way—that of the 3 productive cycles—was chosen as the basis of the 22 corporations.

7. In the “agricultural, industrial, and commercial productive cycle” there were in 1940 six corporations: 1) grain; 2) vegetables, flowers, and fruits; 3) vineyards, vintage, and edible oil; 4) livestock and fishery; 5) timber and wood products; 6) textiles.

8. In the “industrial and commercial productive cycle,” there were in 1940 ten corporations: 1) metal work and machinery; 2) engineering; 3) the chemical industry; 4) liquid fuel and motor spirit industry; 5) the clothing industry; 6) the paper and printing industry; 7) the building industry; 8) water, gas, and electricity; 9) the mining and quarrying industry; 10) the glass and ceramic industry.

9. The “service productive activities” numbered 6: the corporations of 1) insurance and credit; 2) the professions and arts; 3) shipping and air transport; 4) inland communications; 5) entertainment; 6) hotels and restaurants.

10. Besides this grouping of the 22 corporations into the productive cycles, there were at least three other ways of arranging them: 1) within a corporation, special “Sections” were formed to deal with special “branches of economic activity”; 2) various corporations were grouped together to handle matters of common interest; 3) “Corporative Committees” were formed to deal with problems concerning special products.

11. The actual members of the corporations were not all the individuals engaged in the various branches of production and industry which come under the corporations, but rather only their representatives, who formed in each corporation what was called the “Corporation Council”; this council, as a matter of fact, was actually the corporation, and the corporation was the council. The representatives were, first of all, in every corporation, three members of the National Fascist Party, chosen by the Secretary of the Party; then representatives of employers and of workingmen, chosen by the various syndicates, in the field of production (e.g., for the Corporation of Grain, the farmers and farm laborers who raised the grain), or of “processing” (e.g., millers, bakers, caterers), or of selling (e.g., confectioners, etc., as distinct from bakers); sometimes also of consumers’ cooperatives, etc.

12. Concerning the relation of the corporations to the government, note two things. First, in one important particular they were not like corporations as we know them in the United States, but just the opposite—i.e., they had no juridical personality—whereas in the United States the fact that a corporation is a moral person, can assume rights and obligations, can sue and be sued,—is its very life. Secondly, they were actually

instruments of the government, or, as they were officially defined in Italy, "those instruments which, under the control of the State, help in bringing about an organic co-ordination of the nation's productive forces with a view to furthering the economic well-being and political strength of the Italian people."

13. As to the functions of the corporations, there were two important points on which the corporations after 1934 differed from those described by Pius XI in 1931: first, in 1931, the corporations directed and co-ordinated the syndicates, because the make-up of the experimental corporations of that time was based on the syndicates; but after 1934, the corporations only indirectly co-ordinated the syndicates,—directly they regulated the various productive cycles. The second difference was that in 1931 the corporation, such as it was, or the government, could not undertake any work of regulation except on appeal by the syndicates; after 1934, the corporation, or the government, did not have to wait for an appeal from the syndicates but could take the initiative itself in regulating production.

14. Their functions, then, after 1934 may be divided into three groups: first, the consultive function, by which they served the government with the expert advice of their members whenever required; secondly, the conciliatory function, by which they undertook to settle labor disputes before recourse was had to the Labor Courts; and thirdly, most important of all, the "normative" function, as it was called, by which they passed statutes or norms regarding, among other things: 1) general working conditions; 2) the regulation of apprenticeship, etc.; 3) the insurance and benefit activities of the syndicates; 4) the co-ordination of labor agreements among various syndicates; 5) legal prices (i.e., "price-fixing"), at least for certain services and commodities; 6) the regulation of production and competition.

15. Regarding the relation of the syndicates to the corporations, note three things: first, it was only in the corporations that employers and workingmen worked together; outside the corporation, each remained in his own syndicate; secondly, the various syndicates, cooperatives, etc., united in a corporation became thereby an independent unit, though they still belonged to their respective confederations, as far as signing particular labor agreements, or taking disputes to the Labor Courts, was concerned; thirdly, the setting up of the corporations meant the end of "syndicalism" in Italy:—i.e., the end of "social, economic, and political rule by the syndicates," which had been the original doctrine of the Italian Fascists; for after 1934 it was the corporations, rather than the syndicates, which ruled and regulated the country's economic and social life. This, however, must be assigned to the credit of the Italian Fascists; for unless syndicalism does develop into "corporativism," it will only keep the country divided; and the Italian Fascists were wise enough to see and promote this development.

94. *Strikes and lock-outs are forbidden; if the parties cannot settle their dispute, public authority intervenes.*
Of the Procedure in Labor Disputes

1. Note that the Pope merely states the fact that under Italian

Fascism *strikes and lockouts* were *forbidden*, without adding any comment of his own. No Pope, however, has ever condemned the strike as wrong in itself; nor has any Pope ever called for legislation outlawing all strikes, tho the *Code of Social Principles* declares, n. 119: "The danger of such strikes" (i.e., when it is a question of services directly established for the good of the country and of undertakings—even private ones—that supply the most essential common needs) "justifies the legislative measures that in many countries forbid the use of this dangerous arm by those employed in the public services." This paragraph of the Encyclical, therefore, cannot be cited as a condemnation of all strikes.

2. The *public authority intervened* in labor disputes by means of the labor courts. They were the ordinary courts of appeals, functioning as labor courts. Besides, lists of experts in the various economic fields were drawn up at stated intervals by the syndicates in the different Provinces of Italy, and out of this list two experts were chosen to serve as special associate judges for each case.

3. It was said above, n. 93/14, that when a labor dispute arose, the corporation was the first agency to try peaceful mediation; but it could not actually impose a settlement on the parties. Hence if the corporation could not effect a settlement of the difficulty, the parties had to go to the labor courts.

4. The procedure in taking a case to the labor courts was as follows: When a dispute arose, the corporation had first of all to seek to settle it; if this measure failed, the party which had the grievance appealed to its own syndicate, and the syndicate took the case to the competent labor court. Individual employers or workingmen could go to the court only through their syndicate. Throughout the trial, the court had to seek at every opportunity to have the parties come to a settlement without a court decision; but if these efforts failed, the decision was given, binding them like any ordinary court sentence.

95. *Anyone who gives even slight attention to the matter, will easily see what are the obvious advantages in the system We have thus summarily described: The various classes work together peacefully, socialist organizations and their activities are repressed, and a special magistracy exercises a governing authority. Yet lest We neglect anything in a matter of such great importance and that all points treated may be properly connected with the more general principles which We mentioned above and with those which We intend shortly to add, We are compelled to say that to Our certain knowledge there are not wanting some who fear that the State, instead of confining itself as it ought to the furnishing of necessary and adequate assistance, is substituting itself for free activity; that the new syndical and corporative order savors too much of an involved and political system of administration; and that (in spite of those more general advantages mentioned above, which are of course fully admitted) it rather serves particular political ends than leads to the reconstruction and promotion of a better social order.*

**Favorable
Comments**

**Unfavorable
Comments**

1. In connection with the Pope's favorable comments on Italian Fascism, note two things: First, he praises Italian Fascism for actually accomplishing peaceful collaboration of the classes; and in a previous section of the Encyclical, n. 81, he had set up this peaceful collaboration of the classes in *harmonious cooperation* as the object to be accomplished by the "orders." Hence, whatever the defects or bad points of Italian Fascism, it can hardly be said that its economic and social arrangements were completely at variance with the Pope's idea of the "orders." Secondly, he praises Italian Fascism for repressing Socialism and Communism; which indicates that the Church, at least in this particular regard, was rather on the side of Italian Fascism, and hence was not, as sometimes claimed, "midway between Communism and Fascism."

2. Note that the sins or faults of Italian Fascism listed by the Pope were three: first, the State was substituting itself for private initiative; secondly, the Fascist set-up was too involved and political,—that is, too "bureaucratic," as the old English translation had it; and thirdly, it promoted the interests of party politics rather than the common good. Note that the Pope does not condemn Italian Fascism here for coercion and violence.

3. *General principles which We mentioned . . . those We intend shortly to add . . .* Some of those stated above are the principles laid down in the Section on the "Reform of the State," n. 78, ff., which demand less "totalitarianism" and more local self-government; also those given in the description of the "orders," n. 83, especially as to their self-government and their working for the common good. The principles which the Pope is *shortly to add*, n. 96, are those demanding that all men of good will cooperate in social reform, and that it be based on true Catholic principles.

4. *The State . . . is substituting itself for free activity . . .* Note that the Pope does not condemn the Fascist Government for having initiated the system: this was, it seems, one of the points where its activity was *necessary and adequate*; but the "bad point" here is that the syndicates and especially the corporations had not been left self-governing, as the Pope wants the unions and the "orders" to be. In fact, the government assumed more power in the corporations as actually formed in 1934, than was even planned when they were projected in 1927; for in 1927 the corporations were to regulate production and competition only "when they receive the necessary powers from the federated associations"; but as formed in 1934, they could regulate production and competition not only "on the request of one of the federated associations," but also "on the proposal of the competent ministers"—i.e., of the government.

5. *Too much of an involved and political system . . .* A system of national government and life which is *too much involved and political* is one which has an excessive number of governmental bureaus, departments, institutions, undertakings, officials, inspectors, etc.; and in which one political party completely absorbs, as it were, all national life. Such a condition prevailed in Fascist Italy, where there were Fascist officials and institutions everywhere, and where a man, no matter what his business, had first and foremost to be a good Fascist in order to get anywhere in national life.

6. *Rather serves particular political ends than . . . a better social order . . .* The Fascist Party took good care of its own interests in Italy. Each of the corporations had to include in its council three members of the Fascist Party, appointed by the government (i.e., the Party); the President of each of the Confederations of Syndicates was appointed by the government (i.e., the Party); in fact, the supreme authority of the whole country was the Grand Council of the Fascist Party; this is similar to what would be the case in the United States if the National Association of Manufacturers controlled Congress, business, and practically every phase of the social and economic life of the country, to the total exclusion of every other association, group, or political party.

96. *To achieve this latter lofty aim, and in particular to promote the common good truly and permanently, We hold it is first and above everything wholly necessary that God bless it, and, secondly, that all men of good will work with united effort toward that end. We are further convinced, as a necessary consequence, that this end will be attained the more certainly the larger the number of those ready to contribute toward it their technical, occupational, and social knowledge and experience; and also, what is more important, the greater the contribution made thereto of Catholic principles and their application, not indeed by Catholic Action (which excludes strictly syndical or political activities from its scope) but by those sons of Ours whom Catholic Action imbues with Catholic principles and trains for carrying on an apostolate under the leadership and teaching guidance of the Church—of that Church which in this field also that We have described, as in every other field where moral questions are involved and discussed, can never forget or neglect through indifference its divinely imposed mandate to be vigilant and to teach.*

**Rem-
des**

1. *All men of good will work with united effort . . .* The Pope is here urging all Italian Catholics to collaborate with the Fascist government for the good of the country, but at the same time urging the Fascists to draw upon *Catholic principles* in order to correct the "bad points" in their system.

2. The Popes had forbidden Catholics to take part in national public life in Italy from 1870, when the troops of Victor Emmanuel occupied Rome, until after World War I. This was in protest against the unjust aggression of the forces of Victor Emmanuel on the Papal domain. But note here that in *QA* the Pope adopts an entirely different policy, and actually urges Catholics to collaborate with the existing Fascist government. Note too that whereas in the Encyclical on Atheistic Communism, n. 58, the Pope says that "no one who would save Christian civilization may collaborate with (Communism) in any undertaking whatsoever"; in the same Encyclical, n. 69, he urges Italians, as he does here in *QA*, to collaborate with the existing Fascist government for the good of the country.

3. *The contribution of Catholic principles . . .* These *Catholic principles* are precisely the ones laid down throughout *QA*, especially in n. 78-80, against the "totalitarian State." And note here the special significance of the Pope's call for *Catholic principles*. He has been discussing the economic structure of Italian Fascism, without reference to its principles. When it comes to principles, he urges that *Catholic principles* be applied to the economic structure.

4. In the United States, the term *Catholic Action* has a rather vague meaning; but in Italy it is the name of a very definite organization, with special statutes and its own particular members grouped according to parish, diocese, and the nation at large. Its object as regards the Church or the hierarchy, is to bring the laity to help the hierarchy in their work of preserving and spreading the Faith; and as regards other Catholic societies, it is to regulate and co-ordinate their activities. Note the Pope's reference to *trained by Catholic Action*; in order to become a true member, a Catholic must be prepared or trained by special studies in Catholic doctrine and practice; hence membership in Catholic Action is not merely a matter of "signing up."

5. *Strictly political activities . . .* These are what the Pope had called at other times "party politics" or "politics as such," as distinguished from "national politics." "Party politics" are those which promote the interests of a particular party—which are connected with the political "machine" directly, and with the common good only indirectly, if at all; "national politics" are those which promote the common good directly, and are not the property, so to speak, of the political "machine."

Further Readings on Italian Fascism

Much has been written on Italian Fascism from a theoretical standpoint, but comparatively little is available in English in the way of factual data. The following books and articles contain more or less of this factual data.

Pitigliani, *The Italian Corporative State* (Macmillan)—describes the structure as it was before 1934; Field, *The Syndical and Corporative Institutions of Italian Fascism* (Columbia University Press); Cahill, *Framework*, etc., p. 419; Binchy, *Church and State in Fascist Italy* (Oxford Press). Also the periodicals: *Current History*, October, 1930, p. 37 ff.; *Irish Ecclesiastical Record*, Vol. 31 (May, 1928), p. 506; *Thought*, September, 1937, p. 381 ff., and 393 ff. The various International Labor Office Year Books give figures on the membership of the syndicates of workingmen year by year; and the ILO publication, *Methods of Collaboration between the Public Authorities, Workers' Organizations, and Employers' Organizations*, has a good description of the Fascist economic system as it was in 1939 (page 58 ff.).

Section 2. Correction of Morals

97. *What We have taught about the reconstruction and perfection of social order can surely in no wise be brought to realization without reform of morality, the very record of history clearly shows. For there was a social order once which, although indeed not perfect or in all respects ideal, nevertheless, met in a certain measure, the requirements of right reason, considering the conditions and needs of the time. If that order has long since perished, that surely did not happen because the order could not have accommodated itself to changed conditions and needs by development and by a certain expansion, but rather because men, hardened by too much love of self, refused to open the order to the increasing masses as they should have done, or because, deceived by allurements of a false freedom and other errors, they became impatient of every authority and sought to reject every form of control.*

1. This short paragraph is really only a kind of introduction to Part Three, in which Pius XI will point out in detail the evils or immoral features of modern economic life and of Socialism, and the particular remedies or correction required. Here he simply gives an argument from history to show the necessity of moral reform for any social reconstruction.

2. The Pope's "argument from history" runs as follows. At the close of the Middle Ages and especially at the beginning of the Industrial Revolution (1775), there was need of social reconstruction because of *changed conditions and needs*—the new inventions, new ways of carrying on production, etc. The medieval guild system should have been, and could have been, developed and adapted to the new conditions. The reason why this was not done was that men refused to correct their morals—to get rid of their selfishness or to repress their spirit of insubordination.

3. The medieval guild system *met in a certain measure the requirements of right reason*, because it united men not only in cities—which is one right and natural way for them to be united—but also united them in the various groups or guilds according to their trades or professions—which, as Pius XI already said in *QA*, n. 83, is just as natural and right as union in city life.

4. *Although not perfect or in all respect ideal . . .* Each guild had more or less of a monopoly in its own line; the idea was to use this monopoly for the common good of the guild, its members, and the whole community. But sometimes the monopoly was used rather as an instrument of competition against business rivals to the advantage, perhaps, of a few rulers of the guild, but to the detriment of the rest of the members and the community at large. Besides, the merchant guilds did not include the workers, and even repressed them; and the development of the craft guilds was originally a workingmen's movement against the business men's merchant guilds.

5. *If that order has long since perished . . .* Note that the Pope gives, as his reasons for this disappearance of the guild system, the wrongdoing of two classes of men: first, the privileged members of the old guilds, who were deriving personal profit from the ancient set-up and failed by too much love of self to adapt it to new conditions; and secondly, the workingmen outside the guilds, who suffered from the restrictions of the ancient set-up, but who failed by a lawless spirit of disregard for all authority—impatient of every authority—to submit to any restrictions whatsoever. Thus these two evils or immoralities were in short selfishness on the one hand, and lawlessness on the other. They are not unlike the two great evils of the present day: selfishness among the “rugged individualists” and lawlessness among the Communists.

6. Here it may be asked: which is more important in the Papal program, reform of institutions or correction of morals? The answer is that the two reforms are important in different ways, and hence it is difficult to say which is more important. Reform of morals is important as the central point in the Papal program, but reform of institutions is important as the immediate means to the attainment of this central objective. In a similar way the Pope set up his program on wages, above n. 69-72;—the payment of just, living wages is the central objective, but the reform of institutions or evils which make this impossible at the present time is the immediate practical objective. And below n. 130-5 he urges a “moral renovation,” or a return to Christian life, but then goes into considerable detail to describe the occasions of sin, or the evil institutions, that must be reformed or removed in order to make this return to Christian life possible.

Further Readings on Correction of Morals

Husslein, *Catholic Social Manifesto*, passim; Fanfani, *Catholicism, Protestantism, and Capitalism*, esp. Ch. VI; Somerville, *Why the Guilds Decayed* (N.C.W.C. pamphlet). For a very interesting article on some of the difficulties of the guild system, or some of the points that show it was indeed not perfect or in all respects ideal, see *Central Blatt and Social Justice*, November, 1937, p. 229 ff.

98. *There remains to Us, after again calling to judgment the economic system now in force and its most bitter accuser, Socialism, and passing explicit and just sentence upon them, to search out more thoroughly the root of these many evils and to point out that the first and most necessary remedy is a reform of morals.*

Transition to Part Three

1. In this transition to Part Three, the Pope indicates the three things he will do in Part Three: first, examine and pass judgment on the capitalistic economic system; secondly, examine and pass judgment on Communism and Socialism; and thirdly, find out the root or chief disorder of the modern system and call for a reform or renewal of morals.

PART THREE

MODERN CHANGES, THE ROOT EVIL, AND THE REMEDY

**Introduction:
The Great Changes
Since Leo's Time**

99. Important indeed have the changes been which both the economic system and Socialism have undergone since Leo XIII's time.

1. By *economic system* here the Pope means the capitalistic system; i.e., the carrying on of economic production, transportation, manufacture, etc., by means of a combination of capital and labor, understood together with its animating spirit, good or bad—in short, the institution of capitalistic business life. The noteworthy thing about this institution is the fact that it has two elements or sides; a technical side and a moral side.

2. The technical side of the capitalistic system is the fact that in this way of doing business there is a combination of one man's capital with another man's labor in a common business enterprise. The moral side is the spirit, good or bad, which animates this system.

3. *Important indeed have the changes been . . .* These changes are described in detail below, n. 105, n. 108, n. 109. In brief, they consist in a change from the struggles of unlimited competition to a condition of economic dictatorship and monopoly.

Chapter One

The Changed Aspect of Economic Life

Section 1. Capitalistic System in General

100. That, in the first place, the whole aspect of economic life is vastly altered, is plain to all. You know, Venerable Brethren and Beloved Children, that the Encyclical of

**Technical
Side**

Our Predecessor of happy memory had in view chiefly that economic system, wherein, generally, some provide capital while others provide labor for a joint economic activity. And in a happy phrase he described it thus: "Neither capital can do without labor, nor labor without capital." (1)

1. The Pope says that in the capitalistic system, the capital and the labor are supplied by different people *generally*, because in some cases the employer or capitalist actually takes part in the labor, and in some

(1) Encyclical On the Condition of Workers, n. 28.

cases too, the workers own capital in the company for which they work. It is the Pope's desire, of course, that the workers should all own productive goods, including stock in the company for which they are working (see above n. 61, 63, 65,); but even should this become much more widespread than it is at present, the general feature of the capitalistic system would still be that on the one hand there are employers or capitalists, and on the other, employees or workers.

101. *With all his energy Leo XIII sought to adjust this economic system according to the norms of right order; hence, it is evident that this system is not to be condemned in itself. And surely it is not of its own nature vicious. But it does violate right order when capital hires workers, that is, the non-owning working class, with a view to and under such terms that it directs business and even the whole economic system according to its own will and advantage, scorning the human dignity of the workers, the social character of economic activity and social justice itself, and the common good.*

**Can Be
Morally
Good**

**When
Morally
Bad**

1. Leo XIII sought to adjust this economic system according to the norms of right order . . . Leo XIII declared in the introduction to *RN*, that his intention was to define the relative rights and the mutual duties of the wealthy and of the poor, of capital and of labor, n. 1(4). Further on in *RN*, n. 15(28), he laid down and explained the principle that in the State or "the body politic," capital and labor are to work together with the same harmony as the various bodily members do in a man's body; and throughout the Encyclical he showed in detail what labor and capital must do in order that this "morally good spirit" may animate the capitalistic way of doing business.

2. And Pius XI gives a definition of this morally good spirit in *QA*, n. 75: "For then only will the social economy be rightly established and attain its purposes when all and each are supplied with all the goods that the wealth and resources of nature, technical achievement, and the social organization of economic life can furnish. And these goods ought indeed to be enough both to meet the demands of necessity and decent comfort and to advance people to that happier and fuller condition of life which, when it is wisely cared for, is not only no hindrance to virtue, but helps it greatly." He also indicates later (n. 110) what "remedies" will give this "morally good spirit" to the capitalistic economic system.

3. Note here the fact that the Popes seem to be more optimistic about the capitalistic system than the great "Distributists,"—G. K. Chesterton, Hilaire Belloc, and their companion group in the United States, the "Agrarians," headed by Herbert Agar; also than the more extreme promoters of the cooperative movement—for instance, those who aim at the "cooperative commonwealth." For the Popes confidently believe that the capitalistic system can be adjusted *according to the norms of right order*, i.e., of social justice, or the common good, and they give directions for the

accomplishment of this object. But the "Distributists" seem to believe that the capitalistic system cannot be brought into line with right order or the common good: that the common good requires a change from the capitalistic system,—where one man owns the capital and another furnishes the labor,—to the distributist system,—where the same man is capitalist and laborer.

4. *But it does violate right order, when . . .* Right order demands that the workers be paid a just wage, and also that the profits of the business be shared with them as well as with the shareholders. It demands that no unfair methods of business competition be used. It demands that the common good of the country be served by the business. But the spirit of economic individualism or liberalism, when it is active, is what prompts capitalists to disregard *the human dignity of the workers*; i.e., to keep all the profits for themselves, and even to pay less than a just wage to the workers. It prompts them to disregard the *social character of economic activity*, i.e., to use any means whatever of business competition, or to crush all competitors in the struggle for economic dictatorship. And it prompts them to disregard *social justice itself, and the common good*, i.e., to strive to corrupt and control the State for their own profit and advantage. In short, economic individualism, or "rugged individualism" urges the capitalist to use capital and labor as though they existed for him alone; and this is what the Pope condemns as *a violation of right order*.

5. Note that the Pope in *QA* never once uses the term "Capitalism"; but the "Code of Social Principles" does, n. 163: "Capitalism in our time is characterized by an increasing economic dictatorship."

6. In answer to the question, "Does the Pope condemn Capitalism?" one must first of all be careful to find out what the questioner means by the term "Capitalism,"—for there have been as many as seventy definitions of it given at various times. 1) If it means a system that maintains the necessity of private property, the Popes surely do not condemn it, but support it heartily; but this is not what the Popes mean by "Capitalism." 2) If it means a system of private enterprise under which the enterpriser is paid a fair return, he does not condemn it. 3) If it means the technical side of the capitalistic system, animated by a morally good spirit, he does not condemn, but approves it. 4) If it means the technical side, animated by the morally bad spirit of economic individualism described above, he surely does condemn it. Note that this last meaning—that Capitalism is a way of doing business in which one party contributes capital, and another, labor, and which the capitalist exploits for his own advantage—is what the "Code of Social Principles," and what people in general most commonly understand by the term "Capitalism"; hence it seems correct to say that the Pope condemns Capitalism, as people usually understand the term. "Finance Capitalism" is a term that became popular during the 1930's, and seems to connote this evil and condemned sense of Capitalism.

7. Compare the Church's attitude on Capitalism with her attitude on Communism; the Pope condemns the evil spirit of economic individualism which animates Capitalism; but he says that the technical side cannot be condemned: i.e., Capitalism is not intrinsically wrong. But in the Encyclical on Communism, "Divini Redemptoris," n. 24 and n. 58, he condemns the Communist system as "intrinsically wrong."

Section 2.. Spread Since Leo XIII

102. *Even today this is not, it is true, the only economic system in force everywhere; for there is another system also, which still embraces a huge mass of humanity, significant in numbers and importance, as for example, agriculture, wherein the greater portion of mankind honorably and honestly procures its livelihood. This group, too, is being crushed with hardships and with difficulties, to which Our Predecessor devotes attention in several places in his Encyclical and which We Ourselves have touched upon more than once in Our present Letter.*

**Another
Economic
System**

1. *There is another system also . . .* In the capitalistic system, one party supplies the capital, and the other, the labor; in the *other system*, the same person owns the capital and supplies the labor. The farming population or *agriculture*, is one instance given by the Pope of people engaged in this *other system*; besides them, there are small shopkeepers, craftsmen, peddlers, etc.

2. As to the extent of this *other system* in the United States, the National Resources Committee shows in its study, "The Structure of the American Economy," p. 81, that in 1935, one-sixth of the national income went to activities "in which the same person was worker and owner."

3. The cooperatives would be another example of this *other system*; for even though they hire some people who contribute only labor—like the clerk in the cooperative grocery store, or the operator of a cooperative cheese factory—still the main capital and the main labor is contributed by the same individuals.

4. *This group, too, is being crushed with hardships and with difficulties . . .* Among the farmers, there is the difficulty of farm-tenantry; between 1880 and 1940, there was an average annual increase of forty thousand farm tenants in the United States; in fact, in 1941, almost half the farmers in the country were tenants; and in 1942, half of the American farmers received only 12 per cent of all the farm income. The special difficulty of the small shop owner is the chain store, which tends to crowd him out of business.

5. *To which Our Predecessor devotes attention in his Encyclical . . .* Leo XIII in *RN*, n. 35(65), says: "The law ought to favor this right (of ownership) and, so far as it can, see that the largest possible number among the masses prefer to own property"; and he then goes on to apply this doctrine especially to those who live on farms. Such is also the doctrine of Pius XI in *QA*, for when speaking of the Redemption of the Non-owning Working Class, n. 59, he insists on the need of measures that will enable hired rural laborers to obtain "some property in land."

6. As to the chain stores, Leo XIII's doctrine that as many people as possible become owners of property is a discouragement, to say the least, of the chain store idea; Pius XI, in the section of *QA* on the Reform of the State, n. 79, lays down some general principles which seem applicable to the modern chain store. He says first, that nowadays many things that formerly were handled by smaller groups cannot be performed

except by large associations. But, he adds, in case the smaller group—the smaller merchant, etc.,—is still able to handle his business for the common good: "It is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do."

103. *But, with the diffusion of modern industry throughout the whole world, the "capitalist" economic regime has spread everywhere to such a degree, particularly since the publication of Leo XIII's Encyclical, that it has invaded and pervaded the economic and social life of even those outside its orbit and is unquestionably impressing on it its advantages, disadvantages and vices, and, in a sense, is giving it its own shape and form.*

**Affected by the
Spread of the
Capitalistic
System**

1. To the small shop-owner—the corner grocer and butcher—the large scale methods of production and transportation peculiar to the capitalistic way of doing business have brought this *advantage*, that they have made it possible for him to provide his customers with a much greater variety of goods than would be otherwise possible; and to the farmer, the capitalistic way of doing business brings modern machinery to help him in his farming, and a great many conveniences and luxuries—such as the automobile, radio, etc.,—which make his life in general much less burdensome and more pleasant than it was before. It is not to be maintained, however, that a system other than the capitalistic might not have brought these benefits, or even greater ones.

2. As to the *disadvantages and vices*, the capitalistic system has brought to the small shop-owner the great disadvantages of having to compete with chain stores and big business generally, which can and do undersell him and so often ruin his business; and to the farmer, it brings this disadvantage that whereas formerly he could practically trade in his products to the small merchant for an equal return in the goods that he needed, he now must sell his products at a comparatively low price, and buy what he needs at a comparatively high price. This necessity, of course, has been ruinous for the farmers, and has led to the loss of farms by many farmers, and their becoming not owners, but tenants. Again it should be noted that these disadvantages are not a necessary by-product of the capitalistic system.

3. In the United States, very little has been done by the government to help small business. The Temporary National Economic Committee (to be described shortly, n. 105/3) studied the problems of small business with particular care, and suggested various remedies, among which may be mentioned: 1) direct loans by the government to small business, such as the loans made by the Farm Credit Administration to farmers enabling them to buy new farms or make improvements on their own farms; and 2) insurance of loans made by banks to small business, on the plan of the Federal Housing Authority, which insures banks or building and loan associations making loans to private individuals for improvements on their homes. (See Secretary's Report of the TNEC, Ch. XIV, esp. p. 309 ff.).

4. For the farmer, however, the government has taken some action, although on a limited scale. Agencies set up by the Federal Government which enable him to better his economic position include the following. 1) The Agricultural Adjustment Administration has provided aid for farmers who cooperate in its programs of soil conservation, acreage allotment, etc.; has extended insurance for wheat crops; and by the Federal Surplus Commodities Corporation, has bought from the farmers their surplus crops, to be distributed gratis to people on relief; in the 5 years 1933-8, it purchased directly from farmers 3 billion pounds of food which were then distributed directly to the poor. 2) The Rural Electrification Administration has loaned hundreds of millions of dollars to farmers at low rates of interest, especially in the southern States, to help them get electric light and power to their farms. 3) The Farm Credit Administration makes long-term loans to farmers to help them buy farms, refinance their mortgages, or add improvements. 4) The Farm Security Administration has made two kinds of loans: land purchase loans, enabling tenant farmers to purchase farms of their own; and rehabilitation loans, to help farmers tide over times of distress. This agency did excellent work in 1937-41 assisting an average of 6,790 tenant farmers each year, although it has been handicapped by niggardly appropriations from Congress, and opposed by the organizations of wealthy "gentlemen" or corporation farmers, namely the Farm Bureau Federation and the National Grange. It has been supported, however, by the National Farmers' Union, which represents the ordinary farmers of the country; and Fr. Edgar Schmiedeler, O.S.B., the great Catholic authority on agricultural problems in the United States, says the appropriation for the FSA should be increased to a billion dollars a year merely to cover the applications for loans it could receive.

**Profiting by the
Doctrine Here
Given** 104. *Accordingly, when directing Our special attention to the changes which the capitalist economic system has undergone since Leo's time, We have in mind the good not only of those who dwell in regions given over to "capital" and industry, but of all mankind.*

Section 3. Changes Since Leo XIII

No. 1. What is Wrong

**Dictatorship
Has Succeeded
Free
Competition** 105. *In the first place, it is obvious that not only is wealth concentrated in our times, but an immense power and despotic economic dictatorship is consolidated in the hands of a few, who often are not owners but only the trustees and managing directors of invested funds which they administer according to their own arbitrary will and pleasure.*

1. In this Section (n. 105-110) on *Changes since Leo XIII*, Pius XI does three things. First, he tells *what is wrong* with modern economic life, namely, too much concentration of wealth and economic power

(n. 105), especially in the hands of bankers (n. 106). Secondly, he tells *why it is wrong*, namely, because it involves violations of strict or commutative justice (n. 107), and because it has led to a struggle with disastrous consequences for business, government, and international relations, i.e., it is bad for social justice or the common good (n. 108-9). Thirdly, he tells *how it is to be remedied*, namely, by the application of principles already laid down in the Encyclical on collaboration between labor and capital, regulation of business competition and economic dictatorship, the cultivation of international understanding and well-being (n. 110).

2. Citing *what is wrong* with modern economic life, or stating the fact of concentrated wealth and economic power, Pius XI points out four kinds of concentration: 1) concentration of wealth, (to be treated 105/4-5); 2) concentration of economic power in general, (105/6-10); 3) concentration of control of corporations, (105/11-24); and 4) concentration of control in the hands of the bankers, (106/1-41).

3. To illustrate and confirm these statements of fact by the Pope, various instances will be adduced in the commentary from American business life. It so happens that there have been a number of official government investigations in this very field, the findings of which amply justify the statements of fact made by the Pope, as well as his condemnation of the injustices involved. The chief of these investigations to be cited in the commentary are four. First, an investigation of stock exchange practices and banking practices authorized by the United States Senate, March 2, 1932, and conducted by the Senate Committee on Banking and Currency; its report was published June 16, 1934. Secondly, the investigations and studies of the National Resources Committee, carried on under the executive branch of the government 1935-39, when the name was changed to National Resources Planning Board, and continued until summer, 1943, when Congress refused it further funds. Its main studies and reports to be cited here are: "Consumer Incomes in the United States," "Technological Trends and National Policy," and "Structure of the American Economy." Thirdly, the investigation carried on by the Temporary National Economic Committee, created by Congress June 16, 1938, in response to a message from the President sent to Congress April 29, 1938. It was set up by Congress to consist of 12 members, 3 each from the Senate and the House, and one each from the Departments of Justice, Treasury, Labor, Commerce, Securities and Exchange Commission, and Federal Trade Commission, and was to be "a select committee to make a full and complete study and investigation with respect to the concentration of economic power in, and financial control over, production and distribution of goods and services." The investigation was carried on in 1938-41, and its findings were published in 30 volumes of Hearings, 43 special studies or monographs, and a volume of "committee report and recommendations"; the best summary, however, of the hearings and monographs of the committee was published as "Report of the Executive Secretary of the TNEC." The National Association of Manufacturers, it may be added, published a book on the monographs, called "Fact and Fancy in the TNEC Monographs," which is largely an attack on the idea that there is any notable concentration of control over American business, and as regards method and style, puts one in mind of a clever lawyer trying to

hold up a case on technicalities. Fourthly, the investigation of railroads, holding companies, and affiliated companies authorized by the United States Senate in 1936, and conducted by the Senate Committee on Interstate Commerce under Senators Wheeler and Truman. It published various reports beginning 1939; they will be referred to in the commentary as "Wheeler Report" on the Van Sweringen system, on the Chicago, Milwaukee and St. Paul Railway, etc. Mention may also be made here of two other government reports, both issued in 1946. One is the Report of the Smaller War Plants Corporation "Economic Concentration and World War II," tracing the growth of economic concentration during World War II. The other is "United States versus Economic Concentration and Monopoly," an investigation of the effectiveness of the government's efforts to combat economic concentration, prepared for the committee on small business of the House of Representatives.

4. *It is obvious that wealth is concentrated in our times . . .* According to the National Resources Committee Report on Consumer Incomes in the United States, in 1935-6 there were 75 families and 12 single individuals with annual incomes over one million dollars; and one-half of one per cent of the nation's families were receiving ten per cent of the national income. That is, one one-thousandth of the population received one-tenth of the income. The Ford family had stockholdings worth 625 million dollars; the Du Ponts, stockholdings worth 574 millions; the Rockefellers, 397 millions; the Mellons, 391 millions; and the McCormicks, 112 millions. *Wealth is concentrated in our times* also in regard to the distribution of corporation dividends or profits. While in 1948, there were about 14 million stockholders in the United States, the Securities and Exchange Commission found that of these 14 million, some 61 thousand, or less than one-half of one per cent of the stockholders, were getting fifty per cent of the dividends or profits.

5. *Wealth is concentrated in our times*, however, even more strikingly in the coffers of corporations than in the hands of individuals or families. In 1932 Berle and Means estimated in their book "The Modern Corporation and Private Property" that 78 per cent of American business wealth was corporate wealth. And in 1941, Senator O'Mahoney, Chairman of the TNEC, in his final statement concluding the work of the Committee, declared that according to the latest figures available, namely for 1935, there were in the United States thirty giant corporations each worth more than a billion dollars,—whereas eighteen out of the forty-eight states of the union were worth each less than a billion dollars in taxable property. A little more than ten years later, in 1947, the number of the "billion dollar giants" had risen to forty-eight. According to a United Press survey, as of December 31, 1947, it included 18 banks, 12 insurance companies, 6 railroads, 4 oil companies, and 3 public service companies. Some of them were:

American Telephone & Telegraph	worth 3.99 billion in 1935 worth 8.77 billion in 1947
Metropolitan Life Insurance Co.	worth 4.23 billion in 1925 worth 8.54 billion in 1947

Bank of America (California)	worth less than a billion in 1935 worth 5.84 billion in 1947
General Motors Corporation	worth 1.49 billion in 1935 worth 2.47 billion in 1947
United States Steel Corporation	worth 1.82 billion in 1935 worth 2.16 billion in 1947

The railroads were: Pennsylvania (2.22 billion), New York Central (1.73 billion), Southern Pacific (1.68 billion), Santa Fe (1.25 billion), Baltimore and Ohio (1.18 billion), and Union Pacific (1.15 billion).

The oil companies: Standard Oil of New Jersey (2.99 billion), Standard Oil of Indiana (1.26 billion), Socony Vacuum Oil Co. (1.26 billion), and Texas Co. (1.11 billion).

The public service companies: American Telephone & Telegraph (8.77 billion), Consolidated Edison (1.36 billion), and Commonwealth & Southern (1.30 billion).

6. *Immense power and despotic economic dictatorship is concentrated in the hands of a few . . .* Despite the publicity given the idea of "free enterprise" as "the American way," every impartial investigation of the matter has revealed a constant trend in the United States towards the *concentration* of control over business *in the hands of a few*. The TNEC investigation, for instance, showed (Secretary's Report, Ch. I-II) the extent of this concentration in the field of economic production. To give a few examples: one company, the Pullman Company, produced all the railway sleeping cars in the United States in 1940; one company, the Aluminum Company of America, had a monopoly on the production of aluminum; Bausch and Lomb Optical Co. produced all the optical glass; American Telephone & Telegraph furnished all the telephone service (exclusive of cooperatives). Moreover, two companies furnished all the domestic telegraph service: Western Union and Postal Telegraph (and they were merged into one company in 1943); two companies produced all the plate glass: Pittsburgh Plate Glass Co., and Libby-Owens-Ford Co.; two companies imported all the bananas: United Fruit Co., and Standard Fruit and Steamship Co. See also below n. 106/29, and 109/3, for further examples. — Note that this concentration of economic power in the hands of a few is what is sometimes called "finance capitalism."

7. One means by which this *economic dictatorship* came to be *concentrated* was by the manipulation of patents. New discoveries and inventions have always met with opposition from people whose business was threatened by them; and in the 1937 Report of the National Resources Committee "Technological Trends and National Policy," there is a very interesting chapter entitled "Resistances to the Adoption of Technological Innovations" containing many instances, often of a ludicrous nature, on the opposition encountered by inventors in the fields of railroads, automobiles, streetcars, sailboats, steamships, airplanes, printing, typewriters, telegraph, telephone, steam engines, gas, coal, electricity, spinning machines,

tractors, central heating, inside plumbing, etc., etc. The modern concentration of economic power, however, was not built so much on the actual suppression of patents (at least no real evidence of such suppression was uncovered by the TNEC) as on the manipulation of patents held by large companies. Senator O'Mahoney declared (TNEC Report, page 363): "The evidence before this committee showed . . . great corporations . . . equip authors and inventors with the mechanical and scientific necessities for making discoveries and making inventions . . . but then they acquire those rights, and through a maze of devices which to some extent have been cured by the recommendations of procedure already made, they prolong that control." And Attorney General Arnold declared (TNEC Report, page 103) that as a result of investigations by the Antitrust Division of the Department of Justice, it appeared that "there have been divisions of world markets by patent agreements between domestic and foreign companies which gave foreign interests the right to determine where and how the American companies may sell certain military supplies."

8. The fact of *immense power* is brought out in the study of the National Resources Committee called "The Structure of the American Economy." An "interest grouping" here means a number of corporations subject to a common influence, if not to the same absolute control; and this study revealed the fact that in 1935 there were in the United States eight "interest groupings"—i.e., eight centers of influence or control—covering 106 of the country's 250 largest corporations. The first is called the Morgan—First National, i.e., J. P. Morgan and Co., and the First National Bank of New York together. In this group there were the following corporations (and see below n. 106/29):

Industrial concerns:

- Pullman, Inc.
- General Electric Co.
- United States Steel Corporation
- Kennecott Copper Corporation
- Phelps Dodge Corporation
- American Radiator & Standard Sanitary Corporation
- Continental Oil Co.
- Montgomery Ward & Co., Inc.
- National Biscuit Co.
- Philadelphia & Reading Coal and Iron Corporation
- Baldwin Locomotive Works
- Glen Alden Coal Co.
- St. Regis Paper Co.

Utilities:

- American Telephone & Telegraph Co.
- International Telephone & Telegraph Co.
- Consolidated Gas Co. of New York
- United Corporation group, including:
 - Commonwealth & Southern Corporation
 - United Gas Improvement Co.
 - Public Service Corporation of New Jersey

Niagara Hudson Power Corporation
 Columbia Gas & Electric Corporation
 Electric Bond and Share group, including:
 American Power & Light Co.
 American Gas & Electric Co.
 National Power & Light Co.
 Electric Power & Light Corporation

Railroads:

New York Central System
 Alleghany System, including:
 Chesapeake & Ohio
 Missouri Pacific
 Pere Marquette
 Chicago & Eastern Illinois
 Northern System, including:
 Great Northern
 Northern Pacific
 Chicago, Burlington, & Quincy
 Spokane, Portland, & Seattle
 Gulf, Mobile, & Northern
 Atchison, Topeka, & Santa Fe
 Southern Ry.
 Western Pacific

Banks:

J. P. Morgan & Co.
 First National Bank of New York
 Guaranty Trust Co.
 Bankers' Trust Co.
 New York Trust Co.

The second group is the Rockefeller group, comprising:

Standard Oil Co. of New Jersey
 Standard Oil Co. of Indiana
 Standard Oil Co. of California
 Socony Vacuum Oil Co., Inc.
 Atlantic Refining Co.
 Ohio Oil Co.

And the country's largest bank:
 Chase National of New York

The third group is Kuhn, Loeb & Co., comprising:

Railroads:

Pennsylvania, including:
 Pennsylvania
 Norfolk & Western
 Wabash
 Lehigh Valley
 New York, New Haven, & Hartford
 Detroit, Toledo & Ironton
 Boston & Maine

Union Pacific
 Illinois Central
 Southern Pacific
 Chicago, Milwaukee, St. Paul & Pacific
 Chicago & North Western
 Missouri, Kansas, & Texas
 Delaware & Hudson
 Utilities
 Western Union Telegraph Co.
 Bank:
 Bank of the Manhattan Co.

The fourth group is the Mellon group, comprising, among others:

Industrial concerns:
 Closely held:
 Gulf Oil Corporation
 Koppers Co.
 Aluminum Co. of America
 Pittsburgh Coal Co.
 Probably Mellon dominated:
 Westinghouse Electric & Manufacturing Co.
 Allied:
 Jones & Laughlin Steel Corporation
 American Rolling Mill Co.
 Crucible Steel Co. of America
 Pittsburgh Plate Glass Co.
 Virginian Railway Co.

The fifth group is the Chicago group, (i.e., large firms and banks having common interlocking control in the Chicago area):

Industrial concerns:
 International Harvester Co.
 Armour & Co.
 Marshall Field & Co.
 Wilson & Co.
 Utilities:
 Commonwealth Edison Co.
 Public Service Corporation of Northern Illinois
 Peoples Gas, Light & Coke Co.
 Banks:
 Continental Illinois National Bank & Trust Co.
 First National Bank of Chicago
 Northern Trust Co.
 Harris Trust & Savings Bank

The sixth is the Du Pont group:

Industrial concerns:
 E. I. du Pont de Nemours
 General Motors Corporation
 United States Rubber Co.

Bank:

National Bank of Detroit

The seventh is the Cleveland group:

Industrial concerns:

Cleveland Cliffs Iron Co.
 Republic Steel Corporation
 Youngstown Sheet & Tube Co.
 Inland Steel Co.
 Wheeling Steel Corporation
 Goodyear Tire & Rubber Co.
 Interlake Iron Corporation

Bank:

Cleveland Trust Co.

And the eighth is the Boston group:

Industrial concerns:

United Shoe Machinery Corporation
 U. S. Smelting, Refining & Mining Co.
 United Fruit Corporation
 American Woolen Co.

Utilities:

Stone & Webster, Inc.
 Edison Electric Illuminating Co. of Boston

Banks:

First National Bank of Boston
 Old Colony Trust Co.

9. Not all of the big firms in the United States, however, are thus under outside control. Some independent ones are: Ford Motor, Bethlehem Steel, Shell Union Oil, Swift and Co., Sears, Roebuck; Chrysler; Woolworth.

10. It is interesting to note that these painstaking investigations of the National Resources Committee found others besides the "international Jew" in positions of control and dominance over American business life (contrary to popular belief); for the only Jewish firm or unit in the eight leaders in 1935 was Kuhn Loeb.

11. *Often not owners but only the trustees and managing directors of invested funds . . .* Two facts in this control of corporations are particularly significant. First, the fact cited by the Pope that those who control a corporation *are often not owners*,—i.e., they own very little or no stock in the corporation which they manage. Regarding the United States, the National Resources Committee found that in the United States in 1935, the officers and directors together of about 75 out of 155 very large corporations owned less than 5 per cent of the outstanding stock; and in only 15 companies did the officers, directors, and large stockholders appear to own 50 per cent or more of the voting stock; and in several of these cases the large stockholders were other corporations (Structure of the American Economy, Ch. 9, p. 157). The second fact is that most American business is carried on by corporations—in 1937, between 60 and 65 per cent. Agriculture was only 7 per cent corporate activity; but

electric light and power, manufactured gas, and telephone and telegraph service was 100 per cent corporate activity; manufacturing was 92 per cent; mining 96 per cent; and transportation 89 per cent (TNEC Secretary's Report, Ch. XII); and since the control of these corporations is, to use the Pope's words, *in the hands of a few*, it is easy to see how the *immense power and despotic economic dictatorship* he also mentions has its main center and seat in the modern corporation.

12. *Not owners, but . . . managing directors . . .* Ownership was defined above (44/2) as the "power to dispose freely"; but now, speaking of the modern corporation, the Pope seems very strangely to be saying that in a corporation *often* it is *not the owners* who have the power to dispose at will of the goods of the corporation. This is a strange statement indeed, but quite true; in the modern corporation the stockholders, who before the law are the owners of the corporation and have to stand the loss like real owners if it fails, yet often have nothing to say regarding the policies of the corporation; this power has been taken over by the hired managers and directors. In the case of Standard Oil of New Jersey, for instance, there were in 1942 a total of about 145,000 stockholders and 11 directors, and in 1939 General Motors had 388,650 stockholders and 31 directors. The board of directors of General Motors, moreover, had an added advantage. The by-laws of the corporation provided that: "No stockholder shall have any right to inspect any account or book or document of the corporation except as conferred by statute or authorized by the board of directors or by resolution of the stockholders." And to make assurance doubly sure, the by-laws were amended in 1945 so that ratification of any action of directors can be obtained in a stockholders' meeting where 30 per cent of the outstanding voting stock is represented; and "officers, directors, and their associates" of General Motors happen to control 30 per cent of the General Motors voting stock. Thus the strange fact is true that in the modern corporation, *ownership is divorced from control*; and the process by which control came to be divorced from ownership, and passed from owners to hired managers in the years since 1900, is sometimes called the "managerial revolution." The commentary will now show some of the ways in which control over a corporation can pass—and has passed—from the real owners—the stockholders—to the boards of directors; namely: proxy voting (no. 13), voting and non-voting stock (14-15), voting trusts (16-17), interlocking directorates (18), holding companies, especially pyramided holding companies (19-21), and investment trusts (22-24).

13. Regarding the proxy voting, the general policies of a corporation are determined by the stockholders at the regular meetings of the corporation. But sometimes there are thousands of stockholders living all over the country. Thus in the United States Steel Corporation in 1937, no single stockholder owned more than five per cent of the stock, and in the American Telephone-Telegraph, no one owned more than one per cent. In such cases, the majority of the stockholders find it impossible to attend the corporation meetings, and therefore must name someone else who will be present to act and vote as their proxy. The directors of the corporation, therefore, take advantage of this situation, and send out invitations to the stockholders to designate as their proxies one or several men who "have consented" to act as proxies. Thus the directors nominate the proxies, and the proxies in turn at the annual meeting elect the

directors. "One good turn deserves another," and an easy way is thus opened for the same Board of Directors to keep itself in office indefinitely. Note here how easy, too, it is in this arrangement for directors or proxies to yield to possible temptations to sacrifice the good of the company to their own gain, or even to defraud the stockholders for their own advantage;—i.e., how the proxy voting set-up constitutes an occasion of sin for directors and proxies.

14. Voting and non-voting stock . . . The stock of a corporation is divided into preferred and common, according to the way dividends are paid. Preferred is paid first, and gets a fixed rate; common is paid after preferred, and gets a share of what is left,—which may be much, or little, or nothing at all. But in the modern corporation, the preferred stock is usually non-voting stock: i.e., its holders have a right to their share of the dividends, but no control over the policies of the corporation. The common stock is usually voting stock;—though even much common stock is "Class B stock" and is without a vote; and the *few who are often not owners but only the trustees and managing directors* sometimes get their power over the corporation by acquiring the voting stock, or by being chosen by those who own the voting stock.

15. The use of the voting stock device has been very widespread in the United States. The holding company pyramids in the public utility field,—to be described directly,—usually were built with the help of voting stock; the promoters would sell the preferred stock, which was non-voting, to the public,—while they kept the common stock which was voting stock for themselves. Likewise, in 1926 the investment bankers Dillon, Read, and Co. reorganized the Dodge Brothers Co., and divided the new stock into voting and non-voting,—Dillon, Read and Co. keeping the voting stock as part of their fee for services rendered. In 1929, the Cities Service Corporation issued a special class of stock to a certain H. L. Doherty & Co., at one dollar a share, with each share entitled to twenty votes;—while the rest of the stock, each share with only one vote, was selling on the market at sixty to seventy dollars a share. This was also the case in the railway field, especially as manipulated by the Van Sweringen brothers of Cleveland, 1926-36. (See below 105/21). It is also significant to observe that according to a report of the Office of War Information in 1943, after the German conquest of Europe in 1940, the Nazi authorities obtained control of almost the entire banking system of Europe by the use of this and similar devices; i.e., owners of controlling or voting stock in the various banks were forced to sell out their holdings to the Nazis, until the latter had built up a giant financial "empire." It might be said that here again, as in the development of their military machine, the Nazis were only copying American methods. And after the war, 40 per cent of the industry remaining in the Russian zone in Germany was formed into joint stock companies, with Russians holding a majority of the stock.

16. In the arrangement of voting trusts, the voting rights belonging to certain stocks are assigned to a group of usually three trustees,—who need own no stock whatever in the corporation. The stockholders are invited to invest in "voting trust certificates," (sometimes disguised as genuine stock). These certificates are testimonials that the stockholders agree to the arrangement on condition that they get some share of the

dividends of the corporation. Note that the holders of non-voting stock and voting trust certificates are not really owners of the corporation,—as stockholders in general are usually held to be,—but rather its beneficiaries: like persons who have a right to an income from a trust fund, without any right to touch the fund itself. Nevertheless, before the law the holders of non-voting stock and of voting trust certificates still retain the obligations and burdens of ownership, and must stand the loss if the corporation fails.

17. Before the Senate Committee investigating stock exchange practices in 1933, Otto H. Kahn, one of the partners of Kuhn Loeb and Co., called the device of the voting trust "an invention of the devil." (See Wheeler Report No. 25, Part 24, p. 23). This statement, however, proved very amusing later on to various persons, because in 1929 Kuhn Loeb themselves had been active in setting up a very famous voting trust, namely, that of the Pennroad Corporation. The Van Sweringen Brothers, with the help of J. P. Morgan, had set up the Alleghany Corporation early in 1929, for the purpose of consolidating stock in their three billion dollar "empire," and also of acquiring still more railroads; and the officials of the Pennsylvania Railroad, being "wide awake at that moment" as one of them stated before the Wheeler Committee (Report No. 25, part 24, page 6) were eager to set up some similar corporation. Hence with the help of Kuhn Loeb, who were the financial advisers of the Pennsylvania, they set up the Pennroad Corporation and offered to the stockholders of the Pennsylvania Railroad five and a half million voting trust certificates in the new corporation: for which the stockholders actually paid about a hundred and thirty million dollars; the voting rights of all of them being vested in three men who "had consented" to act as trustees. (See Stock Exchange Practices Report, page 110 ff.)

18. Interlocking directorates are present when the members of the board of directors in one corporation are members also of boards of directors of other corporations. It is easy to see how this arrangement makes for concentrated control of business and wealth in general, although the mere fact of one man's presence on several boards of directors, taken by itself, is not necessarily a sign of any unfair influence on the part of one of these boards over the others.—One cause of the growth of interlocking directorates was the fact that towards the end of the 19th century, corporations began to be allowed to do what had been forbidden before, namely, to own stock in another corporation.

19. A holding company is a company which itself carries on no manufacturing or public service operations, but exists only to hold the controlling stocks in other actually operating companies, and thus manage their general policies indirectly. For instance, in 1910, there were in Michigan various small companies supplying local communities with electric light and power: the Bay City Power Co., Grand Rapids and Muskegon Power Co., and Commonwealth Power Co. The era of electric power development was just beginning, but these firms individually were unable to buy the water power sites, etc., required for greater expansion. So the Consumers' Power Co. was formed as a holding company (incorporated in Maine, although all the operating companies and probably most of the stockholders were in Michigan) which acquired all the common

and preferred stock in each of the operating companies, presumably in exchange for non-voting stock in the Consumers' Power Co. The Consumers' Power Co. was later succeeded by the Commonwealth Power, Railway, and Light Co., and this in turn by the Commonwealth Power Corporation; in 1929 this corporation in its turn was merged along with other companies into the Commonwealth and Southern Corporation, a giant holding company which controlled the public utility companies serving 2,600 cities and towns in eleven states. And the Commonwealth and Southern, in turn, was controlled along with other gas and electric companies in the East by the American Superpower Corporation, which in its turn was controlled by the United Corporation, a creation of the J. P. Morgan Company, according to the 1942 report of the Securities and Exchange Commission on Investment Trusts and Investment Corporations, part 4, p. 40.

20. Pyramiding means acquiring a majority of the voting stock in one company, which in its turn holds or acquires a majority of the voting stock in a second, and so on to the third, fourth, and even indefinitely. The process follows this line or formula: borrow money, use it to buy the controlling interest in a public utility company, a railroad, or a bank, and turn this controlling interest into a holding company; with this holding company as collateral, borrow more money, buy the controlling interest in another public utility company, railroad, or bank, and turn this controlling interest into another holding company—and so on. The process, as is evident, gets rather intricate; in fact, the Stock Exchange Practices Report declared (p. 382) that "the elaborate corporate and industrial substructure of the top holding company is oftentimes even beyond the grasp of the organizers." Note that the intermediate companies are sometimes operating companies, sometimes mere holding companies, and sometimes a combination of both.

21. In the public utility field,—i.e., electric light and power service,—Senator Norris declared in the United States Senate in 1935 that about the year 1931 there were 35 top holding companies,—i.e., 35 "pyramids,"—in the United States, and that to illustrate the intricacies of all their systems in diagram form would require a chart a mile wide and a mile high. He stated that one of them,—not the largest,—that of Samuel Insull of Chicago, was made up of 2 superholding, 2 holding, 27 sub-holding companies, and 284 operating companies, serving 5,931 communities in 32 states. This "pyramid," sometimes called the "Insull empire," was worth two and half billion dollars; yet Samuel Insull and his two or three associates who controlled the whole "pyramid" or "empire," owned less than a million dollars worth of its stocks,—i.e., one twenty-fifth of one per cent. In the railway field, about the same time the Van Sweringen brothers, by use of the "pyramiding" device, were able to get control of three billion dollars worth of railroad properties,—in the East, the Chesapeake and Ohio, Pere Marquette, Nickel Plate, Erie, and Hocking Valley; and in the Southwest, the Missouri Pacific Railroad,—although their own investment was only 20 million dollars, less than one per cent of the total assets.

22. The institution of investment trusts owed its origin to the fact that the inexperienced investor has two problems: what is a safe invest-

ment, and how can he safely diversify his investments. To meet these problems, investment trusts were formed: i.e., companies which invited prospective investors to trust their money to them for safe and diversified investment. (Note that an investment trust is totally different from a voting trust.)

23. The Stock Exchange Practices Report, however, disclosed the fact that many investment trusts, professing to be trustworthy *managing directors of invested funds* did exactly the opposite of what they professed or promised to do. Instead of diversifying investments, they administered them according to their own arbitrary will and pleasure; i.e., they used their clients' money precisely to obtain for themselves the control of the stock of one single company; and instead of providing safe investments, they took advantage of their position to "unload" worthless or doubtful stocks on their clients. Thus they failed both against social and commutative justice; against social justice, by reason of the confusion and disturbance which resulted in the stock market in general; and against commutative justice, by reason of the deceptions practiced on investors.

24. The Stock Exchange Practices Report stated (p. 339) that in 1932-3 "a veritable epidemic of investment trusts afflicts the Nation." The control they exercised over the nation's business seems to have been similar to that exercised by the holding companies. In fact, the investment trust sometimes had a place in pyramided holding companies; for instance, in the "Insull empire," the two top companies were investment trusts: The Insull Utility Investments Inc., and Corporation Securities Co.

106. *This dictatorship is being most forcibly exercised by those who, since they hold the money and completely control it, control credit also and rule the lending of money.*

Especially *Hence they regulate the flow, so to speak,*
Banker *of the life-blood whereby the entire economic*
Dictatorship *system lives, and have so firmly in their grasp*
the soul, as it were, of economic life that no

one can breathe against his will.

1. This paragraph of the Encyclical deals with bankers and banking. It will be considered in its application to banking in general (2-6), to commercial banking (7-21), and to investment banking (22-40).

2. The things to be noted in general in this paragraph are first, it contains the only clear reference in the whole Encyclical to the influence of the bankers; secondly, it does not explicitly condemn the use of credit, for in fact, it calls credit *the life blood whereby the entire economic system lives*; thirdly, it does condemn the disproportionate control over credit and the lives of their fellow citizens possessed by the bankers; and fourthly, it speaks of things as they were in 1931. It should be observed that between 1931 and 1944 there were some revolutionary changes in national attitudes towards money and credit, and also in the banking business itself.

3. Even before Leo XIII issued his Encyclical *RN* in 1891, there had been a group of Catholics among the leaders of social thought, headed by the Austrian Vogelsang, who claimed that the money question

was at the root of the whole social problem, and who were more vehement and vociferous in their attacks and demands than later apostles of money reform, such as Fr. Coughlin in the early 1930's. But in 1891 Leo XIII in *RN* made practically no reference at all to the money question, except a mention in n. 6 of "devouring usury," which from the context applies to other things besides interest on money loans, such as monopolistic prices. Moreover, as has been seen above (53/1), the "Neue Wiener Richtung" held in the 1920's that interest taking was unjust except for very special reasons and that a reform of this matter was fundamental to all social reform. Pius XI was well aware of the agitation for money reform that had been going on for fifty years and more before 1931; but in *QA* he devotes only this paragraph to the subject, indicating surely that in the Catholic view, other things besides the money question are fundamental to social reform.

4. The Pope, moreover, does not condemn the institution of credit in itself, but on the contrary, calls it *the life-blood whereby the entire economic system lives*. At first sight this is surprising, in view of his repeated demands throughout the Encyclical for the ideal of financial independence for everyone. Besides, the institution of credit amounts to a "debt system" of national life; for the creation of credit always means the creation of debt. But here he is speaking not of this ideal, but of the real condition of the modern economic world, in which everyone is far from enjoying financial independence, but absolutely needs credit in order to live like a human being. Under this system people need credit in order to buy a home, to furnish and maintain a home, to get an education, to pay doctor's bills, even to buy clothing and food, to say nothing about buying a car, a refrigerator, an electric washing machine. And business men absolutely need credit to carry on their business. The Pope is certainly in contact with reality when he says that credit is *the life-blood whereby the entire economic system lives*. Perhaps it might be said that credit occupies a similar place in the modern world to that held by slavery in the ancient world; a kind of necessary, indispensable evil. And as the Church removed slavery from the world not by attacking it directly, but by gradually bringing about a substitution of something else for slavery, namely, the much more humane institution of the feudal system and the guilds; so in the modern world she is not attacking the evil of credit and debt directly but indirectly, namely by working for a wider distribution of wealth for all, and closer cooperation between all classes of society for the production and distribution of still greater real wealth.

5. The disproportionate control over credit and the lives of their fellow citizens possessed by the bankers is condemned by the Pope because of the *tragic consequences* to which it leads, to be described below in n. 109. Indeed, the reckless use of this power by the bankers in the boom of the 1920's may be considered one of the main causes of the depression of the 1930's. Note here that while both commercial bankers and investment bankers exercise control over business life, one by creating credit for business men, the other by selling stocks and bonds for business men, it is the investment banker who has come to have the greatest power in the United States; and hence the Pope's condemnation is directed mainly against the investment bankers.

6. The changed attitude of the people towards money and credit

which has taken place since 1931 is shown in the general approval with which certain public measures were received especially after the outbreak of World War II in 1939. First, in the 1920's and early 1930's, as for many years before, national credit had been considered to be based on cash on hand or a balanced budget, and many people were disturbed exceedingly whenever they contemplated a rise in the national debt without actual cash reserves to pay it off. But since the Japanese attack on Pearl Harbor in 1941, very little of this talk has been heard, and people generally seem to have come to take it for granted that the country's credit is as good as the country's capacity to produce. In other words, national credit is no longer taken to be based on cash on hand, but on national productive power. Secondly, the systems of rationing and rationed commodities introduced by World War II amounted to the introduction of a new kind of money; based not on cash on hand but on personal needs and national resources. Thirdly, in the international field, the Reciprocal Trade Agreements and especially the Lend Lease policy have served to "take the dollar sign out of international relations," as President Roosevelt said of the Lend Lease in particular; and this in itself, if successful, cannot fail to have a revolutionary effect on the national finance of the various countries.

7. Commercial banking receives its name from commercial loans, or short term loans to business men for commercial purposes, the granting of which was the main occupation of commercial banks for many years. Granting loans means creating credit, and with credit constituting *the life-blood whereby the entire economic system lives*, it is obvious that if the power to grant loans or create credit is possessed exclusively or almost exclusively by the bankers, it gives them a disproportionate control over the lives of their fellow citizens. Such control was possessed to a large extent in the field of short term loans by the bankers in 1931. But since then there have been changes in the commercial banking system. The United States Government under the New Deal assumed a larger measure of control than heretofore over the American banking system. The New Deal also provided sources of credit to the people otherwise than exclusively through the bankers. These points will now be treated in detail, together with some of the criticisms and suggestions regarding the American banking system popularly offered during the 1930's.

8. The changes are as follows: During the 1920's, two-thirds of the assets of American commercial banks were invested in commercial or short loans. But in 1941 only one-third was so invested. The remainder was invested in government bonds, real estate mortgages, and other long-term securities. In other words, commercial banks had to a large extent changed their nature from being money lending institutions, to being institutions for the safe investment of money, i.e., "investment trusts" (see above n. 105/22-4). This change may be attributed to the fears of short loans engendered in bankers by the great depression, and still more, no doubt, to the restrictions on commercial banking established in the common interest by the Federal Government.

9. Some control over the American banking system was established by the Federal Government under the New Deal by a series of laws and Supreme Court decisions running through 1933-5. Some of these measures were: in 1933, the prohibition to export gold from the country; the

abrogation of the "gold clause,"—i.e., the declaration that even if public or private contracts contained a clause calling for payment in gold, such a clause was null and void; the nationalization of gold; and the Banking Act of 1933, which forbade the same company to carry on both commercial and investment banking, and ordered banks which were doing both (such as J. P. Morgan and Co.) to give up one or the other. The chief of these measures, however, was the Banking Law of 1935, which did two main things: set up the Federal Deposit Insurance Corporation, and established government control over the regional Federal Reserve Banks.

10. The Federal Deposit Insurance Corporation, while designed mainly as a system of insurance to protect depositors' money in banks up to \$5000, still indirectly established some control on the part of government over the banks in general, since all banks with deposits over one million dollars which wished to come under this insurance, had also to join the Federal Reserve System before July 1, 1942. Thus indirectly the banks would be subject to the control of the government's Board of Governors of the Federal Reserve System; for the Board of Governors is appointed by the President of the United States.

11. Before the Banking Act of 1935, the Government had little real control over the Federal Reserve System, which had been established in 1913. The Banking Act of 1935 established some measure of control by reorganizing the Board of Governors of the Federal Reserve System (who are appointed by the President directly), and giving it certain very definite powers. One of the advantages enjoyed by local member banks of the Federal Reserve System is that if they need money for their own business, they can borrow it from the Regional Reserve Bank at a certain rate of interest, called the "rediscount rate." One of the powers given the Board of Governors by the Act of 1935 was that of setting, raising, or lowering this rediscount rate: which power gave the Board some control over the borrowing and lending done by member banks of the Federal Reserve System. Another power given the Board of Governors was that of determining what per cent of reserves each member bank should keep against its deposits—which would again determine how much loaning and investing the member banks would do. Finally, power was given the Board, together with five representatives from the regional reserve banks, over purchases and sales of government bonds and other bonds and stock in the open market by the twelve regional reserve banks,—with the influence such purchasing or selling would have on the general business of the country.

12. Many means were established by the New Deal to make credit safely available to the people otherwise than through the hands of the bankers. For people in the cities there were the Home Owners' Loan Corporation, by which they could get credit from the government to pay off mortgages on their homes when credit was difficult or impossible to get from the bankers; and the Federal Housing Administration, which insured banks and building and loan associations, thereby making it easier for the people to get credit to make repairs on their homes, or buy new homes, when they would not have gotten credit otherwise from the bankers or building and loan associations. For farmers there were the Farm Credit Administration, enabling farmers to get credit to pay off their mortgages, and also to make necessary purchases of seed, feed, livestock, etc.; the Farm Security Administration, enabling tenant farmers to get credit to

purchase farms of their own; and the Commodity Credit Corporation, enabling all farmers to get government loans on their holdings of basic crops, even though they are unable to sell them or get credit on them otherwise (and see above n. 103/4). In view of the important place which monetary matters occupy in international relations, mention must also be made here of the Reciprocal Trade Agreements and especially of the Lend Lease plan with its object of taking the dollar sign out of international relations; such policies clearly have a beneficial effect on money and credit conditions in the United States as well as in other countries. The encouragement given to credit unions by the New Deal (above, n. 24/5 ff.) was also a means of providing the people with credit otherwise than through the bankers.

13. Despite these measures, however, the American commercial banking system still remains far from perfect. Indeed, Chairman Marriner S. Eccles of the Board of Governors of the Federal Reserve System, declared in an article in *Fortune* in April, 1937: "In view of the multiplicity of banking systems (in the U. S.) and of chartering and examining authorities, the inadequacy, and in many places, complete absence of banking facilities in country districts, it cannot be said that all the defects in our system have been eradicated. A major task of banking reforms still remains to be done."

14. In popular discussion, the most frequent objections to the commercial banking system in the United States are these six. First, there is a general charge that the bankers, especially the "international bankers," and most especially the Jewish international bankers, are the source of most of the economic and social ills that beset the nation and mankind. Secondly, there is a condemnation of commercial banks because, it is alleged, they act unjustly in "creating" credit out of nothing. Thirdly, there is a condemnation of bank credit as a source of ill-gotten gains to the bankers, since they lend credit money, and their borrowers must pay back in real money; and it is demanded that the banks maintain one hundred per cent reserves on all their loans. Fourthly, there is a charge that the Federal Reserve system is not a government institution, but a group of banks owned by the bankers and run by them for their private profit. Fifthly, there is a condemnation of the way the government pays its officials, employees, and meets its other running expenses,—namely, by depositing government bonds in the banks and then writing checks on these banks. It is charged that the banks make an unjust profit out of this roundabout procedure. And it is demanded that the government pay its bills directly, with credit money, green-backs, or cash, without going to the banks at all. Sixthly, there is a condemnation of the way the government "farms out its privilege to coin money" by allowing the Federal Reserve system to issue Federal Reserve notes based on government bonds, because the government not only "farms out" its privilege, but in addition, pays interest to the bankers on the very bonds which the bankers have already used as the basis for their Federal Reserve notes.

15. In regard to the charge that the bankers are the source of most social and economic ills, it must be observed that the banking business occupies an intermediate position in modern economic society between buyers and sellers, between producers and consumers. Now ninety per cent of buying, selling, and producing in modern society is done by the

means of credit or the making of debts. People in the modern world cannot live and work like human beings without credit. And if credit cannot be had from the banks, they will seek it elsewhere;—buying on the instalment plan, mortgaging their homes, etc. This idea of “buying on time,” doing business “on credit” is an evil necessity of the times, but is also in the blood and bones of modern people. The banking system is only in the position of the central figure in a precarious balancing act,—balancing buyers on one shoulder, sellers on the other, producers on one side and consumers on the other. The situation is far from ideal, but it is very real; and the true remedy surely does not consist in throwing down the banking system on the charge that it is doing a poor job of balancing. The Pope recognizes the danger to all society which would result from too violent an attack on the precarious position of the balancing banking system itself, and hence only demands that the pressure be eased, and people be made less dependent for credit on the bankers. The true and ultimate evil here, which the Pope has condemned time and again, is that wealth is unequally distributed, and hence few people enjoy financial independence. —It may be added that the Pope does not fail to condemn abuses, or violations of trust on the part of individual bankers; this he does below, n. 132/33-6. Here, however, he is treating the institution of banking in general.

16. The assertions about international bankers and international Jewish bankers are usually so vague as to leave the impression that they represent obscure fears and suspicions rather than definitely proved facts. Fr. Coughlin, the radio priest, in his addresses on the money question was particularly active in attacking the “international bankers,” and in his book, “Money, Questions and Answers,” p. 48, gives three reasons why he called the Federal Reserve bankers “international bankers,” namely: 1) because they were exporting gold from the country; 2) because they were manipulating international banks; 3) because they were manipulating U. S. government bonds. But the first two of these charges did not hold in 1936, when Father Coughlin’s book appeared. In 1933 all gold exporting had been forbidden by President Roosevelt, and in 1934 all the gold in the country became national property. And in the Banking Act of 1933 commercial banks (to which the Federal Reserve banks belong) were forbidden to engage in the investment banking business, which handles “international loans.” Fr. Coughlin’s third charge about “manipulating U. S. government bonds,” moreover, does not seem to justify the title “international” bankers. —Besides, the Pope nowhere clearly mentions the “international bankers” in the Encyclical. He does refer to “internationalism of finance or international imperialism” in n. 109, but the context seems to indicate that he is referring to more than just the manipulations of “international bankers.”

17. As to the Jews as causes of economic ills, it may be said briefly that for Catholics or those who respect the stand of the Popes, there is not one word in any modern social Encyclical to indicate that the Popes consider the Jews as such to be the causes of modern economic and financial evils. And in cold fact, it was shown above (n. 105/8-10) that the Jews had a very small portion of control over the giant corporations in the United States in the 1930’s.

18. Much has been made at times of the charge that bankers "create" credit, and the bankers have been represented as sleight-of-hand artists or worse, who produce a thing called "credit" from nowhere, with absolutely no real wealth to back it up, and then "loan" this credit to the public with the added injustice that they even charge the public a price called interest for the loan. As a matter of fact, credit does not come out of thin air in the commercial banking business; far from it. The process is as follows. A business man needs ready money to expand his business. He could obtain this money by selling some property he owns; but this would be a cumbersome procedure at best, and besides he might not want to sell the property, and perhaps could not find buyers if he did want to. So he takes the deed to the property to his banker, deposits it in the bank, and receives "credit" based on this property. In other words, credit is the business man's property turned into ready money by the banker. And when the deal is over, the business man pays off the loan and the banker returns the deed to his property. Thus he still has his property, but has been able to get his loan and expand his business anyhow. And this saving and convenience for the business man is due to the services of the banker; the banker created credit only by rendering liquid, or liquidating for the time being, the property of the business man. This procedure does not involve any injustice of itself; in fact, it is a real service to the community, for which the banker is entitled to a return, called "interest."

19. The objection against the creation of credit by the banks is often based on the assertion that this process makes the bankers rich at the expense of the borrowers. For, it is said, the banks lend credit money, but the borrower has to pay in real money. As a matter of fact, however, such is not the case. Ninety per cent of all modern business is carried on by means of credit money, including also the paying off of bank loans by people who have borrowed from the banks. For—to take an example—when a business man secures a loan from a bank, he uses the credit thus obtained to increase his own business. As a result he begins to make money, and ninety per cent of the money he makes comes to him in the form of checks. These checks he then deposits in his bank, thus setting up credit in the bank itself to offset the debt he owes it for his loan. And in the normal course of things, by the time his loan is due to be paid, he has enough credit and to spare in the bank to balance his loan. The bank then simply reduces the amount of credit he has by the amount of the loan (plus interest), and the loan is considered paid without one cent of actual cash having changed hands either in the lending or the paying off. —And as to the hundred per cent reserves for all loans, such would indeed be the ideal situation; but with things in such a condition that ninety per cent of all business is carried on by means of credit, it is difficult to see how such a project can be realized in practical life.

20. As to the charge that the Federal Reserve System is not a government institution, a distinction must be made between the time before and the time after the Banking Act of 1935. From the time of the formation of the system in 1913 until 1935, the government did not possess effective control over its operation. But the Banking Act of 1935, while leaving in private hands the ownership of the twelve regional Federal Reserve Banks that are the heart of the system, established some control over the

functioning of the system by giving to the Board of Governors of the system the powers described above, n. 106/11. Thus the Federal Reserve Banks are owned by private individuals, with some control by the government. Note, however, that the Catholic Code of Social Principles, n. 157, would seem to call for still more control: "It is particularly desirable that the bank which has the responsibility of issuing fiduciary money should be distinguishable from the State, though acting under State control and with its assistance."

21. The reason why the government goes to the trouble of depositing bonds in the banks, and then writing checks to pay the running expenses of government, is that if the government had only to print greenbacks when expenses had to be met, the way would be wide open to dangerous government extravagance; whereas the roundabout way of having Congress authorize a bond issue, depositing these bonds in the bank, writing checks upon them, etc., serves at least as some check upon this tendency; and the additional expense of bankers' fees is justified by the stability that is thus given national finance. —As to the question of "farming out the privilege to coin money," it must be remembered again that ninety per cent of all the money in circulation is credit money created by the banks; so that the issuing of Federal Reserve notes by the banks presents no particularly new or strange departure from the general arrangement. And the interest which the government pays to banks on the government bonds which the banks have already used as the basis for their Federal Reserve notes is, according to Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, a kind of subsidy given by the government to cover the expense of handling these greenbacks; and if this subsidy were removed, he declares, the expense would have to be met in the form of higher service and interest charges by the banks, so that in the long run there would be no saving to the public. —These questions of government's relation to the commercial banking system, however, seem to be technical rather than moral questions; i.e., questions of which is the more efficient and skillful way of handling public finance. Hence the Pope says nothing on them expressly, but leaves them as questions outside his sphere, to be settled by experts not as a matter of right and wrong, but on grounds of efficiency and economy.

22. Investment banking is the business of buying and selling stocks, bonds, and other securities. The investment banker is an intermediary between a corporation which wishes to borrow money, and the investing public. The investment banker buys the securities from the corporation and sells them (at a profit) to the public. This is called "underwriting" or "originating" the securities. For instance, when the Van Sweringen brothers of Cleveland formed the Alleghany Corporation in 1929 to control their railroad holdings, they sold the stocks and bonds of the new corporation to their underwriters, J. P. Morgan and Co., for \$82,950,000; and Morgan in conjunction with other investment banking houses then disposed of them to the public at their par value of \$85,000,000. According to the Wheeler Report on the Van Sweringen Corporate System, Part 2, pp. 535-39, Morgan's share of the profits of this transaction was more than a third of a million dollars (\$373,353.75), plus a number of special privileges regarding the new corporation.

23. Such is the only direct business of the investment banker: to underwrite or originate security issues. He does not create credit like the commercial banker, nor does he lend money to the government, nor does he issue bank notes like the Federal Reserve bankers. He does not even control directly all the money in the investment business; for people who invest in government bonds, in life insurance, or in small business enterprises have no direct contact with any investment bankers. In fact, the Secretary's Report of the TNEC states, page 233, that "even in 1929, when the country was most conscious of its investment banking machinery, it is doubtful whether this machinery was directly concerned with as much as a fifth of the country's total investment in plant, machinery, and other capital goods."

24. In view of these facts, the words of Pius XI, *no one can breathe against their will* might seem at first sight an exaggeration if applied to investment bankers and their control over American business, finance, and credit. Nevertheless, there is an abundance of evidence to show that these words apply most aptly to American investment bankers, especially J. P. Morgan and Co. and Kuhn Loeb and Co. Such evidence is to be found in the Pujo Investigation, and in the other investigations and studies already cited (105/3): Stock Exchange Practices, National Resources Committee, Wheeler Committee; also the 1942 Report of the Securities and Exchange Commission on Investment Trusts and Investment Companies. The commentary will now cite some of the findings of these investigations which confirm and illustrate the Pope's statement (n. 24-31); then indicate some of the sources of this power of investment bankers (n. 32-36); and finally show that any changes in the situation which are alleged to have taken place since 1931 are more apparent than real (n. 37-40).

25. The Pujo Committee—so-called after its chairman, Arsene Pujo of Louisiana—was set up by Congress in 1912 to investigate the "money trust,"—i.e., the control over money exercised by investment bankers, especially J. P. Morgan and Co., and Kuhn Loeb and Co. After lengthy hearings, conducted largely by the committee's chief counsel, Samuel Untermyer of New York, the Committee reported in 1913 that "if therefore by a 'money trust' is meant an established and well-defined community of interest between a few leaders of finance which has been created and is held together through stock holdings, interlocking directorates, and other forms of dominion over banks, trust companies, railroads, public service and industrial corporations, and which has resulted in a vast and growing concentration of control of money and credit in the hands of a comparatively few men, your committee has no hesitation in asserting as a result of its investigation up to this time that the condition thus described exists in this country today."

26. The Pujo Committee findings were popularized by Louis Brandeis—later to become United States Supreme Court Justice—in a series of articles in Harper's Weekly which aroused widespread interest, and were later published in book form under the title, "Other People's Money." The subject of this book is the power of investment bankers, especially J. P. Morgan and Co., and Kuhn Loeb and Co.; and its thesis might be put in the very words of Pius XI: *No one dare breathe against their will*; indeed, the author more than once uses almost exactly the same phrase.

It is very interesting to observe here that in this attack on the "money trust," the chief counsel of the Pujo Committee, Samuel Untermyer, and the great popularizer of its findings, Louis Brandeis, were both Jews.

27. The SEP Report states on page 385: "A schematic graph of the corporate directorships of financiers and of their interlocking directorates of industrial, public utility, and banking and holding corporations, depicts the usurpation of the wealth stream of the nation to its very capillaries." As examples of these "financiers," the report then cites three investment banking companies by name, giving facts and figures on their interlocking directorates, etc.: J. P. Morgan and Co., and Drexel and Co., (these were two firms, but the same 20 men were partners in each, except for four additional members of Drexel and Co.); Kuhn Loeb and Co.; and Dillon, Read and Co.—J. P. Morgan and Co. partners held 126 directorships and trusteeships in 89 companies (excluding subsidiaries) worth more than 20 billion dollars; and these directorships interlocked again with 2,175 other companies worth more than one hundred billion dollars. Kuhn Loeb and Co. held 59 directorships in 42 companies; and Dillon, Read and Co. held "numerous directorships in various corporations." After the mention of "Morgan and Drexel" above, it might be added here as a strange and interesting sidelight that the predecessor firm of J. P. Morgan and Co. until 1894 was Drexel, Morgan and Co., and that the Drexel in this firm was the father of Mother Katherine Drexel, foundress of the Sisters of the Blessed Sacrament devoted to the care of Negro and Indian children, and one of the greatest benefactresses of God's poor in the history of the United States.

28. It is to be noted, however, that the fact of interlocking directorates is not an infallible sign of domination of one company by another. Sometimes a prominent man is named to the board of directors of various firms as a matter of courtesy, and the directorship never becomes more than an honorary position to him. Nor is an interlocking directorate a necessary means of domination of one company by another. For many years Kuhn Loeb, under the leadership of Jacob Schiff, even refused to take directorships in the companies it controlled, preferring a relationship of "confidential financial adviser."

29. The National Resources Committee's study: "Structure of the American Economy," Appendix 13, on "Interest Groupings in the American Economy," throws considerable light on the power of investment bankers. Morgan and Kuhn Loeb, it shows, in the year 1935 controlled 80 per cent of the nation's railroads (Morgan 39.9 per cent, Kuhn Loeb 41.1 per cent), and 50 per cent of the country's utilities (Morgan 47.9 per cent, Kuhn Loeb 3.1 per cent). Morgan also controlled these industrial giant corporations: Pullman, General Electric, U. S. Steel, Phelps Dodge, Montgomery Ward, National Biscuit, Baldwin Locomotive, etc., etc. Besides, the study shows how Morgan had interlocking directorates with the Mellon, DuPont, Boston, Cleveland, and Chicago "interest groups," and indirectly interlocks with many smaller firms throughout the country.

30. After the hearings of the Temporary National Economic Committee, Senator O'Mahoney, its Chairman, issued a final statement on March 11, 1942, in which he declared: "Modern business is no longer the activity of individuals, but is the activity of organizations of individuals, and we have permitted these organizations to grow so large that people are actually

helpless before them." He then lists thirty American companies as "billion dollar corporations" in the United States (see above n. 105/5). A comparison of these "billion dollar giants" with the "interest groupings" of Morgan and Kuhn Loeb as shown in "The Structure of the American Economy" reveals the fact that Morgan and Co. *directly controlled* at least twelve of these thirty giants, and Kuhn Loeb and Co. controlled three.

31. The investigation of railroads, holding companies, and affiliated companies was conducted 1936-42 by the Senate Committee on Interstate Commerce, headed by Senators Wheeler and Truman. In its various reports, frequent mention is made of the power of investment bankers over railroad finance, especially the power of Morgan and Kuhn Loeb. For instance, in the Report on "The Van Sweringen Corporate System," Part 4, page 1182, it is stated: "The Van Sweringens had been able to construct their empire" (control of railroads covering 20,000 miles) "because the Morgan-Baker power had willed it." (Baker was the President of the First National Bank of New York, closely associated with J. P. Morgan and Co.). — And Report 25, Part 21, on "Chicago, Milwaukee, St. Paul and Pacific Railroad Company, Control of the Reorganized Company," states on page 22: "The documents and the testimony in the subcommittee's record compel the conclusion that the bankers" (i.e., Kuhn Loeb) "were in control of the new company upon its emergence from receivership in 1928; that they were enabled to preserve that control until the 1935 bankruptcy; and that the vigorous efforts to avert any disturbance of the existing management through the 1935 bankruptcy were largely successful."

32. The sources of this extraordinary power of investment bankers, especially J. P. Morgan and Co. and Kuhn Loeb and Co., may be reduced to these: first, they got the power over other companies because they sought it and bought it themselves; secondly, there was a craze for investing in stocks and bonds in the United States during the 1920's, which meant happy hunting for the investment bankers; thirdly, the investment banker was considered by many business men in large corporations to be the only channel through which stocks and bonds could be issued by the corporation, i.e., the only channel through which the corporation could secure money from the public; fourthly, in the 1920's and early 1930's Morgan and Kuhn Loeb were "private bankers," doing both a commercial and an investment banking business.

33. Many examples of the way in which investment bankers sought and bought control over other corporations are given in the 1942 Report of the Securities and Exchange Commission, on Investment Trusts and Investment Companies. In fact, the report refers expressly (page 15) to the ambition of investment bankers, to "acquire large blocks of stock in the corporations over which the bankers desired to exert their influence." Many cases are then cited: the Morgan control through United Corporation of a great section of the public utilities of the United States; also, other investment bankers' efforts in the same field; Alleghany Corporation and Pennroad Corporation in the railroad industry (the former set up with the help of J. P. Morgan and Co., and the latter with the help of Kuhn Loeb and Co.); then cases from the chemical industry, the oil industry, the banking business, insurance business, real estate business, etc.

34. The craze for investing which swept the United States 1920-29 made the investment banker a central and powerful figure in American

business life. Estimates have been made as to the amount of money which the American people put in the hands of investment bankers during this period, and it comes to about one hundred billion dollars worth of bonds, and fifty billion dollars worth of stocks; and so eager were the people to invest, and so little did it seem to matter what kind of stocks or bonds they invested in, that more than a billion dollars worth of these bonds were to come due and be paid off later than 2000 A.D.,—some as late as 2800 A.D.

35. The investment bankers during this period were generally regarded as the only channels through which a corporation could issue stocks or bonds, and besides, the various investment banking houses did not engage in competition with each other for their clients' trade. This meant that the investment banker was in the position of "family doctor" to the corporation; "financial adviser" was the term often used. And if the corporation needed money for any reason, or came upon difficult times, and especially if it went into bankruptcy, the investment banker became supreme,—precisely because he was regarded as the only channel of financial salvation. Thus the Morgan firm was looked upon by the Van Sweringens during their "empire building" days, and especially when their Alleghany Corporation was tottering to its collapse in 1932-35; and thus did Kuhn Loeb exercise control over the Chicago, Milwaukee and St. Paul Railroad in its two bankruptcies of 1925 and 1935.

36. The fact that investment bankers could also do a commercial banking business before 1935 meant among other things that once they had "originated" a stock or bond issue for a company, and thus become its "financial adviser," they were also able, as commercial bankers, to loan money directly to the company if it got into difficulties, meaning that it thus would come still more completely under their power. Thus when the Van Sweringen brothers' Alleghany Corporation was in difficulties in 1930, Morgan, in conjunction with other bankers, made a loan to them of \$39,500,000 (and this was only one of several such loans by Morgan to the Van Sweringens). By 1935 the principal and interest of this indebtedness had risen to \$50,000,000, and the Van Sweringens were unable to pay. So Morgan had their collateral—including control of their 20,000 miles of railroad—sold at auction in New York. Of course Morgan and Co. could have bought this collateral themselves at the auction; but they preferred to make an arrangement beforehand whereby some new-found wealthy friends of the Van Sweringens would buy control of the wobbly "empire," and Morgan and Co., while being thus paid off at least in part, would still be definitely in the background.

37. It was said above (106/8 ff.) that changes actually have occurred in the commercial banking business. Likewise in the investment banking business some changes are alleged to have taken place; but these latter are more apparent than real. The changes alleged to have taken place in the investment banking business since 1931 are mainly these three: first, people are investing more money directly in life insurance and other kinds of insurance, which means less money to be entrusted directly to the investment banker; secondly, business corporations have taken to internal financing; i.e., instead of seeking the services of investment bankers and having them issue stocks and bonds for money the business needs, they finance the improvements and expansion of the

company out of the company's own profits; and thirdly, the Banking Act of 1933 required that commercial banking houses cease doing investment banking business; and forbade commercial banks to have investment banking houses even as affiliates.

38. It is true that insurance companies are among the very largest corporations in the United States, and that the insurance business absorbed an increasing amount of the funds available for investment in the country during the 1930's. The TNEC investigation revealed the facts that the Metropolitan Life Insurance Co. was the very largest corporation in the country,—a giant with assets of 4.27 billion dollars; American Telephone and Telegraph was second, with assets of 3.99 billions; but Prudential Insurance Co. was third, with assets of 3.12 billions, and New York Life seventh, with assets of 2.22 billions. The TNEC investigation also showed that all the life insurance companies in the United States annually collect four billion dollars in premiums from their 64 million policy holders,—which means the companies have about twenty million dollars to invest every business day of the year. This growth of life insurance companies, however, has not served as any check upon the power of the great investment bankers; in fact, just the opposite; it has meant an increase in the power of the investment bankers. For the control of the great life insurance companies in the late 1930's was highly centralized in the hands of a comparatively few managing officials and directors, who contrived to keep themselves in power year after year; and who, according to the TNEC Secretary's Report, pages 254-5, were also directors on the boards of companies like U.S. Steel, American Telephone and Telegraph, General Electric, and of New York banks like First National, Guaranty Trust, Chase National, National City, and Irving Trust. Note here that U.S. Steel, A. T. and T., General Electric, First National, Bankers Trust and Guaranty Trust are all listed by the National Resources Committee (above n. 105/8) as within the "interest grouping" of J. P. Morgan and Co. Other banking houses, it is true, have representatives on the boards of directors of the great insurance companies; but the Morgan banks and Morgan dominated companies are most numerous in their representation on these boards; which means at least that any change, effected by an increase of insurance business, on the general Morgan domination of a good part of American business life is more apparent than real.

39. It is true also that "internal financing" became more common during the 1930's than it had been formerly. Still, it was not a new thing altogether, and the increase was not startling. For according to the TNEC Secretary's Report (p. 229), between the years 1923-29 the average annual "internal financing" done by business enterprises in the United States had been 74 per cent of all their financing; whereas between 1935-39 it was 83 per cent. Besides, some of the outstanding examples of firms doing "internal financing," as given in Part 9 of the TNEC Hearings, are firms that fall within the Morgan "interest grouping"—namely, U.S. Steel and General Electric. Hence "internal financing" in the 1930's has not constituted a very grave threat to the power of the leading investment bankers; and any change effected thereby in the power they wield is more apparent than real.

40. It is true, finally, that the Banking Act of 1933 ordered commercial banking firms to cease doing investment banking business and to

divorce themselves from investment affiliates; and that—to take the outstanding example—J. P. Morgan and Co., in apparent compliance with this law, discontinued its investment banking business within the time limit set by the law, namely 1935, and remained only a commercial banking house. But again the change is more apparent than real. For in 1935 an apparently new firm, called Morgan Stanley and Co., opened business in Philadelphia as an investment banking firm and offered to do the investment business formerly carried on by J. P. Morgan and Co. in New York. But the TNEC Hearings (Vol. 23, page 12079 ff., and page 12296, Exhibit 1766-3), disclosed the interesting fact that the owners of the preferred stock in the “new” company were men who were already partners in J. P. Morgan and Co. (J. P. Morgan, J. S. Morgan his son, Thomas W. Lamont, Thomas S. Lamont, R. C. Leffingwell, George Whitney, and others), and who owned the preferred stock of the “new” firm in the same proportion they owned the capital of J. P. Morgan and Co.,—which seems to indicate clearly enough that the same men who owned J. P. Morgan and Co., wishing to carry on the same business they had always done, with the same sharing of the profits, simply advanced the capital for the preferred stocks of the “new” firm, each to about the same amount of his investment in J. P. Morgan and Co.,—and called the “new” firm by a new name,—Morgan Stanley and Co.

No. 2. Why Wrong

I. Against Commutative Justice

107. *This concentration of power and might, the characteristic mark, as it were, of contemporary economic life, is the fruit that the unlimited freedom of struggle among competitors has of its own nature produced, and which lets only the strongest survive; and this is often the same as saying, those who fight the most violently, those who give least heed to their conscience.*

**Survival
of the
Fittest**

1. *Unlimited freedom of struggle among competitors . . .* Note that this *unlimited freedom of struggle* here condemned by the Pope is the very thing glorified by the National Association of Manufacturers as “freedom of enterprise.”

2. *Lets only the strongest survive . . .* This is evidently a reference to the familiar phrase, “survival of the fittest,” and taken together with the other phrases used by the Pope here: *those who fight the most violently, those who give least heed to their conscience*, clearly indicates that the reason why the concentration of wealth and of economic power is wrong, as given in this paragraph, is because it violates commutative justice or the strict rights of others. This assertion by the Pope is the more startling because it is practically naming names, since there are so few of these successful men.

3. Particular instances of violations of commutative justice in the modern business world are to be found in the operations of the holding

company device, in the field of public utilities, and in the field of railroads.

4. Senator Norris of Nebraska made extended investigations of holding companies in the public utility field, and as a result became uncompromisingly opposed to the pyramided holding company. In a lengthy speech in the Senate June 3, 1935, already referred to, he declared that in a pyramid there were sometimes 13 or 14 interdependent holding companies between the actual operating company and the top holding company. He added that in all his investigations he had never seen or heard a sound reason justifying the existence of more than one holding company in a pyramid. And he concluded that all the expenses connected with offices, etc., for the intermediate companies were an unjust imposition upon the customers of the operating company; for they were the people who had to foot the bill in the form of higher rates for electric service, etc.

5. The Wheeler investigation of railroads also issued about 25 short reports in 1939-41 on various injustices committed in the field of railroad financing during the years 1925-35. Many of them are accounts of holding company frauds. With Mr. O. P. Van Sweringen, for instance, controlling more than 200 corporations (Report n. 25, Part 11, Page 8), many of them interdependent, he often was acting in a contradictory dual role; for on the one hand he was the seller, and on the other, the buyer. This dual role could and did give rise to serious injustice. For instance, in 1930 the Missouri Pacific Railroad, controlled by Van Sweringen, needed money. To get the money it sold some International-Great Northern bonds, which it held, to one of its subsidiary companies, the Missouri Pacific Transportation Company, an operating bus company also controlled by Van Sweringen. The bonds were selling on the stock market at about 40; but the price for which they were sold in this instance was 72½; so the Missouri Pacific Railroad got \$326,000 more than it would have received had the bonds been sold on the open market instead of directly to its own subsidiary. In another instance (Report n. 25, Part 9, page 10), a prosperous little Van Sweringen railroad—the St. Louis, Brownsville, and Mexico—was “milked” in favor of a less prosperous one,—the New Orleans, Texas, and Mexico. That is, the officials of the Brownsville, headed by the Van Sweringens, caused it to declare an “extraordinary dividend” of three and a half million dollars,—which happened to be seven times the par value of the stock on which it was declared!—in favor of the other railroad, also owned by the Van Sweringens. As a result of this the Brownsville went bankrupt—a clear case of injustice to the stockholders. One of the Wheeler reports sums up the situation thus (Report n. 25, part 11, page 34): “The unbroken line of waste, nondisclosure, misstatement, deception, and falsehood described in this report vividly illustrates the evils of holding company control over railroads, and the misuse of railroad subsidiaries for purposes of concealment.”

II. Against Social Justice: Threefold Struggle with

Threefold Tragic Consequences

108. *This accumulation of might and of power generates in*

turn three kinds of conflict. First, there is the struggle for economic supremacy itself; then there is the bitter fight to gain supremacy over the State in order to use in economic struggles its resources and authority; finally there is conflict between States themselves, not only because countries employ their power and shape their policies to promote every economic advantage of their citizens, but also because they seek to decide political controversies that arise among nations through the use of their economic supremacy and strength.

Threefold Struggle

1. In paragraph 107 the Pope gave one reason why the modern concentration of wealth and economic power is morally wrong,—namely because it is a struggle for the survival of the fittest, in which often the survivors are those *who give least heed to their conscience*, i.e., who actually cheat, deceive, and defraud others, and thus violate commutative justice. Now in paragraphs 108-9 he gives another reason why the modern concentration of wealth and economic power is morally wrong,—namely because it is at variance with the common good or social justice, since it *generates three kinds of conflict* (par. 108), which in turn have *three corresponding kinds of tragic consequences* (par. 109).

2. The first kind of *conflict* or competition referred to by the Pope here is that between the giant corporations themselves for control of raw materials and of markets. Note that it is not ordinary business competition between small business men which the Pope means here; it is rather the “struggle of the giants” which is *generated by the accumulation of power and might*. Such were the struggles for control of the oil resources of Mexico especially during the years 1900-1917, between the American firms Standard Oil and Doheny on the one hand, and the English oil interests on the other. Such were also the struggles between the great railway systems in the United States, beginning about the time of the Civil War and extending well into the 20th century, struggles which the Interstate Commerce Commission, since its establishment in 1887, has tried more or less vainly to keep within bounds.

3. The second kind of *conflict* or competition mentioned here is that between various corporations to get the government on their side. The more crude cases of this kind of conflict are open bribery or intimidation of government officials—whether local sheriffs or national cabinet members. The most notorious case of this in the United States was that of Albert B. Fall, who while Secretary of the Interior in President Harding’s Cabinet in the early 1920’s, accepted a bribe from Doheny and Sinclair, the great competitors of Standard Oil, to sell out to them the United States naval oil reserves at Teapot Dome and Elk Hills. And after the new Mexican constitution in 1917 threatened to annul all American oil holdings in Mexico, the Doheny interests, according to Parker Moon’s *Imperialism and World Politics*, page 446, offered a retainer of a million dollars to Wm. G. McAdoo, President Wilson’s son-in-law, and Mr. McAdoo did visit both Mexico and the White House in behalf of the Doheny interests. The more respectable kind of competition for government favor, however, is “lobbying.” A lobby is a group organized to put pressure on Congressmen in Washington or in a state capitol—and also on other government

officials—to get special favors for their business or other interests. Not all lobbies are business men's lobbies; one of the most famous was the Anti-Saloon League lobby which fostered the Prohibition Amendment. But the most powerful lobbies are usually pressure groups working for their own line of business as against all other kinds. The various firms in the oil business, for instance, have organized the American Petroleum Institute to protect their common interests against other kinds of business and against any threat from any source whatever. During the 80th Congress (1946-48) according to Senator Barkley in an address in 1948, there were 1400 registered lobbyists in Washington. These 1400 spent some \$8 million—more than the entire appropriation for all the 96 Senators and their official staffs—in *the bitter fight to gain supremacy over the State in order to use in economic struggles its resources and authority.*

4. The third kind of *conflict* or competition here is that *between various governments*, which, as the Pope says, is of two kinds: first, the use of their *power and policies*—i.e., their arms and diplomacy—to gain economic supremacy for their own citizens abroad; and secondly, the use of economic supremacy to browbeat weaker nations and obtain concessions even in the political field.

5. The United States used its “arms and diplomacy” after 1912 in Mexico, when President Wilson refused to recognize the Huerta regime, which was favorable to the English oil interests, and gave active support in diplomatic circles and by supplying munitions to Huerta's opponent Carranza, who, it was hoped, would be favorable to the American oil interests. And since 1918 there have been mighty diplomatic struggles—“economic wars”—between the United States and Great Britain over oil, rubber, and radio. In each case, the respective governments might be described as serving as active seconds in mighty duels between English and American firms. In oil, it was Royal Shell, an English-Dutch firm, against Standard and other American interests. In rubber, it was a case in the early 1920's of practical English monopoly in the East Indies and the Malayan peninsula, against which Herbert Hoover, as Secretary of Commerce, aroused great diplomatic activities in favor of American entry into the field with the result that the Firestone Company obtained a million acres of land for rubber plantations in Liberia, on the West African Coast, and Henry Ford obtained a concession of about five million acres in Brazil. And in radio, when British firms seemed about to form a world-wide monopoly after World War I, the U. S. Navy Department appealed to the General Electric Company to “do something”; and the result was the formation of the Radio Corporation of America (R.C.A.).

6. The device of using economic supremacy to obtain political power over another nation has been practiced in many parts of the world and in various ways. Japan got its first hold on China when Japanese bankers made loans to the Chinese government over a period of 30 years before 1930; and the inability of China to repay the bankers gave the Japanese government one pretext for political aggression. The United States has also used the device extensively in its relations with Central America and the West Indies. Thus used by the United States, the practice is called “dollar diplomacy.” Needy governments were granted loans by American

bankers or business men, sometimes as part of political treaties or agreements; and the fact that these countries later often found difficulty in repaying the loans meant that the United States government itself could freely intervene to dictate to the countries in the political field.

109. *The ultimate consequences of the individualist spirit in economic life are those which you yourselves, Venerable Brethren and Beloved Children, see and deplore: Free competition has destroyed itself; economic dictatorship has supplanted*

**The
Tragic
Consequences** *the free market; unbridled ambition for power has likewise succeeded greed for gain; all economic life has become tragically hard, inexorable, and cruel. To these are to be added*

the grave evils that have resulted from an intermingling and shameful confusion of the functions and duties of public authority with those of the economic sphere—such as, one of the worst, the virtual degradation of the majesty of the State, which, although it ought to sit on high like a queen and supreme arbitress, free from all partiality and intent upon the one common good and justice, is become a slave, surrendered and delivered to the passions and greed of men. And as to international relations, two different streams have issued from the one fountain-head: On the one hand, economic nationalism or even economic imperialism; on the other, a no less deadly and accursed internationalism of finance or international imperialism whose country is where profit is.

1. The tragic consequences listed by the Pope correspond to the three kinds of conflict just described; i.e., the conflict between corporations for control of raw materials and markets, the conflict between corporations for control of the government, and the conflict between governments themselves. Each type has its own tragic consequences; in other words, each has its own evil effect on the general welfare or the common good.

2. *Free competition has destroyed itself . . .* This has become most evident in the fact of "administered prices" or "managed prices." For although in a system of genuinely free competition and free enterprise, prices should rise and fall according to the law of supply and demand, the fact is that in the United States since the rise of the giant corporations and associations of corporations, many prices of articles produced by these corporations remain the same regardless of the law of supply and demand. The reason for this fact is because these prices are not allowed to follow the law of supply and demand, but are "administered,"—i.e., are fixed and regulated—by corporation officials. The TNEC investigation and the Federal Trade Commission have found that various systems were in use to secure and maintain such "administrative control" of prices. Sometimes the administrative control is established by a general trade association or cartel,—i.e., an organization of various firms doing the same or similar business, designed to increase profits by bringing competition under common control. According to the TNEC Secretary's Report, page 87, "there are some 2,000 national trade association offices in the United States. In each of them a secretary with his staff is working, presumably 6 days in every week, 52 weeks in every year, to administer activities in which

at times competitors do not compete. Upon occasion the Federal Trade Commission or the Department of Justice makes an investigation and certain practices of an association are proscribed by the courts. But no such sporadic action can be expected to disclose each of the cases in which competition is restrained." Cases in which it has actually been revealed, however, were found, to name a few, among "manufacturers of agricultural implements, aluminum cooking utensils, bricks, brooms, brushes, candy, cigars, carpets and rugs, dresses, household furniture." At other times administrative control of prices has been established by an outright price agreement among firms supposedly competing in the same field. Instances of such agreements, according to the TNEC Secretary's Report, page 17-8, have been found in the most diverse industries: flannel skirts, calcium chloride, corn cribs and silos, firefighting equipment, rubber heels, music rolls, gasoline, typewriters, eyeglasses, cheese, life insurance, etc., etc. Still another way by which administered prices have been maintained is by what is called "price leadership." This happens when there is no precise agreement between competitors in a certain field, but one firm is in so dominant a position that the others follow its lead without question almost in self defense. According to a 1939 Report of the Federal Trade Commission on the Motor Vehicle Industry, page 10, Ford Motor Co. has occupied such a position in the automobile industry; and according to the TNEC Secretary's Report, page 15-7, United States Steel occupies the same position in the steel industry. And there has also been evidence of price leadership in the following industries among others: cement, agricultural implements, gasoline, glass containers, biscuits and crackers.

3. *Economic dictatorship has supplanted the free market . . .* President Roosevelt echoed this opinion of the Pope when on April 29, 1938, he sent to Congress a message on the concentration of economic power and its effects on the economic system (TNEC Report, page 11 ff., esp. page 12): "Private enterprise is ceasing to be free enterprise and is becoming a cluster of private collectivism; masking itself as a system of free enterprise after the American model, it is in fact becoming a concealed cartel system after the European model." It was this message, by the way, which led to the TNEC investigation. — According to the TNEC Report, page 315, in 1937 one company controlled 100 per cent of the aluminum production in the United States; three companies produced 90 per cent of the cans; three companies produced 86 per cent of the automobiles; and in 1934, three companies produced 80 per cent of the cigarettes. And according to a report of the Federal Trade Commission published in 1939, seven automobile concerns—Ford, General Motors, Chrysler, Hudson, Nash, Packard, and Studebaker—sold 99 per cent of the new passenger cars registered in the United States in 1938. And General Motors had acquired during its corporate existence complete or substantial control of approximately 70 corporations that were formerly independent. Indeed, from 1919 to 1939, corporations which had gone out of business in the United States—many of them by such absorption into bigger companies—numbered more than ninety five thousand.

4. *Ambition for power has succeeded greed for gain.* This was particularly evident in the rise of the Van Sweringens; the characteristic mark of their rise and fall on the American scene was not money-making, but

an ever-farther reaching for control and economic power over railroad systems. Such was also the case with the development of the Insull utility "empire."

5. *Hard, inexorable, and cruel.* This situation follows on the fact that about 65 per cent of American business is done by corporations (see above n. 105/11); and as the Pope says later (n. 132), "consciences are little affected by this reduced obligation of accountability . . . furthermore, by hiding under the shelter of a joint name, the worst of injustices and frauds are perpetrated."

6. The tragic consequences of the conflict between big corporations for control of raw materials and markets hence come down to this, that economic "empires," like the "Insull empire" of pyramided holding companies,—or "systems," like the "Van Sweringen railroad system" with its interlocking financial controls,—have supplanted free enterprise and free competition; and that despite the glamour of the name "empire" or "system," the whole structure in each case was a wobbly, dilapidated affair, which very soon came tumbling down in ruin. The evil effects or *tragic consequences* of these "empires" on the common good or social justice are well summarized in two statements by American authorities. First, the 1934 Stock Exchange Practices Report declared, page 382, that pyramided holding companies "have not created any economic wealth, but merely facilitated the concentration of control of wealth . . . Holding companies, whether employed in the banking, utility, or railroad field, have been catastrophic to the American public." Secondly, President Roosevelt in his 1938 message to Congress on the concentration of economic power declared (TNEC Report, page 13): "Interlocking financial controls have taken from American business much of its traditional virility, independence, adaptability, and daring—without compensating advantages. They have not given the stability they promised."

7. *Shameful confusion of the functions and duties of public authority with those of the economic sphere.* This takes place on a small scale when the business dictators of a certain locality manage to get the local judges, mayors, etc., under their control, and then in case of labor troubles, injunctions are issued, police are called out, deputy sheriffs are sworn in—all rather under the orders and for the benefit of the business dictators than at the real will of public authority or for any real need of the common good. Instances of this shameful confusion are to be found in the fact brought out by LaFollette Senate Reports on "Labor Policies of Employers' Associations," Part I-IV, published 1939-41. And on a large scale, some great oil firm, like Standard Oil, or rubber firm like Firestone, or fruit company, like United Fruit, obtain large "concessions" in some "backward country"—as they call them,—of Africa, Asia, or Central America; or else some big bank, like the National City Bank of New York, makes a large loan to the "backward country"; and then there is truly a great mixture of business and politics. The government of the "backward country," and even the State Department at Washington are more or less forced to protect and promote the interests of these particular business dictators; while the business dictators, especially the bankers, often dictate the policies of the various governments. This is precisely the *degradation of the majesty of the State* spoken of by the Pope.

8. It is true the government should protect the foreign investments of its citizens, as long as the investors stay in their place and do not try to run the government, or as long as the members of the State Department do not think that the welfare of the whole American nation is dependent on the investments of some American capitalist in Latin America, for instance. The Catholic Code of Social Principles, n. 55, even urges that the country protect the reasonable foreign investments of its citizens by consulates and commercial agents.

9. *Economic nationalism* means the policy of erecting economic barriers around the nation, that is, of setting up high tariffs on imports with the idea of keeping foreign products out of the country, so that the nation's own farmers and manufacturers and merchants can sell at a higher price than they would be able to do if they had to compete with cheap and tariff-free goods from abroad. *Economic nationalism* is called *accursed* by the Pope no doubt mainly because of what it meant to Europe during the 1920's and early 1930's. The United States had loaned huge sums of money to the Allies during World War I. When these countries began to be in a position to pay off their debt, the only way they could do so would have been to sell goods in the United States and pay their debts with the proceeds. But precisely during the 1920's, the United States in a spirit of *economic nationalism* set up tariffs on foreign imports more drastic than ever. The result was that the debtor nations could not pay, and could not get the money to pay; and in this impossible and *accursed* situation, eventually repudiated their debts, with all the evil effects this had on international relations.

10. *Economic imperialism* is the name of a movement dating from about 1875, in which the "great powers"—England, France, Germany, Italy, Japan, the United States, and (before the World War of 1914-18) Russia—strove to establish themselves in business in the so-called "backward countries"—i.e., the whole continent of Africa, most of Asia, and Central America—in order to develop the natural resources of these countries; the "backward country" thereby becoming a colony or a "sphere of interest" for the "great power." The study of this movement, moreover, provides the best key to an understanding of the last seventy-five years. The conquest of Ethiopia by Italy in 1936, for instance, was only one incident in a long history of such conquests; every other square foot of Africa had already been subjected to some "great power"; so too nearly all of Asia and Central America. England had its empire comprising Canada, Australia, India, Egypt, Cape Colony, besides a great many other countries and numerous islands throughout the seven seas; the United States had Central America (especially Mexico and Cuba), and the Hawaiian Islands and, before 1942, the Philippines; at that time, too, France, Italy, Japan had their empires, and Germany was clamoring for hers. Note that the colony may at times keep a semblance of political independence, as in the case of Central America, while financially and economically it remains quite dependent on the great power.

11. The Pope states that the *fountain head* of economic imperialism was unlimited free competition; and this is true. For as competition became more intense, especially in the business field, three great needs began to be felt, for all of which the best solution seemed to be offered by

"colonies" or an "economic empire": first, there was the need of new markets for the products of home business, since the home market was closed and even glutted by the products of free competition; secondly, there was the need of raw materials for home business, which could be obtained cheaply in the colonies,—turned into shoes, clothing, etc., by home industries, and sold back to the people of the colony at a good profit; thirdly, the need of new outlets for the surplus capital of rich men in the home country, where investments did not pay very high interest on account of the keen competition.

12. But there was competition also in the political field. National pride or fear began to arise (to be *aroused* by those interested) over the respective "colonies" or "empires." It was manifested in four ways: first, national prestige or honor was said to be dependent somehow on the acquisition and maintenance of a colonial empire,—hence the hunger of "great powers" for colonies, and their touchiness over any seeming invasion of their colonial rights by another "great power"; secondly, national wealth was said to be invested in the "colonies,"—hence the nation had to defend them; thirdly, the home countries were over-populated,—hence the need of colonies; fourthly, in case of war, the home country would be dependent on the products of its colonies.

13. Besides unlimited competition in business and politics, however, there were also some other contributing causes to the spread of economic imperialism. In the late nineteenth century three other factors not directly connected with the movement nevertheless served to make it popular and tempting. First, there were the great developments in the inventions of steam, electricity, etc., and their application especially to transportation by sea and by land. Secondly, the exploits of adventurers and discoverers, especially in "Darkest Africa"; for their "discoveries" often amounted to staking a claim for the home country. And thirdly, the missionary movement; for often an attack upon a missionary became a matter of "national prestige" and ended in the home country's seizure of some desirable portion of the missionary country as a colony.

14. There was also a much advertised pretext or cause of economic imperialism; namely, the smug and pious claim made by the "great powers" of possessing a "civilizing mission" as regards the benighted natives of the backward countries. Rudyard Kipling called it "the White Man's Burden" in a famous poem, which was very popular in Great Britain.

15. *Deadly* is what the Pope calls economic imperialism. And according to the best economists it is *deadly* as regards business, as regards the home country in general, and as regards the natives of the "backward" country whom it is supposed to civilize.

16. As regards business, the money invested in the backward country eventually causes business to develop in that country until it is no longer a mere colony, but an actual competitor of home business. This situation is most evident in British economic imperialism. In 1890 British South Africa had 530 factories; in 1920 it had 6,890. This development meant death and disaster for any British firm which had depended mainly on South Africa as a new market; likewise for those which had hoped for a monopoly on the raw materials of the country; and since the home firms

themselves were thus meeting disaster, there was disaster for those who invested their surplus capital in these imperialistic firms.

17. As regards the home country in general economic imperialism is *deadly* in the sense that it means expense and the loss of life without any return for the general public. The national wealth of the colonies is not national wealth at all, but the private holdings of a few rich men; but the general public pays for the growth of this private wealth in the form of taxes which go to subsidize big business in the colony, or in the form of the lives of soldiers and marines who are sent to protect the interests of these few big business men. The general public, however, certainly gets a disastrously low return, if any, for their contribution to economic imperialism. So too regarding the need of new colonies in case of war; colonies or coaling stations will be valuable in time of war only for the country which has the strongest navy. The problem likewise of overpopulation, if any, does not seem to have found its solution in, for instance, the deserts or the tropical forests of Africa.

18. As regards the natives of the "backward countries," "forced labor" is what economic imperialism means; forced labor, practical slavery, civilized diseases and civilized vices were what economic imperialism brought to the natives, instead of the advantages claimed by its promoters. The Pope has referred to this fact already in *QA* n. 59, where he described the natives as they are really affected by economic imperialism in these terms: "The number of the non-owning working poor has increased enormously and their groans cry to God from the earth."

19. *Deadly and accursed internationalism of finance or international imperialism . . .* Note the exceptionally strong terms of this condemnation: *deadly and accursed*. The crime thus condemned is that of being willing to destroy the interests of one's country for the sake of making money: *where profit is, there is country*.

20. Instances of this international imperialism have come to light in the United States during the course of investigations conducted by the Department of Justice into the operations of international cartels in 1940-4. Evidence was produced during these investigations tending to show that American industrial firms had made agreements with foreign firms, especially the German chemical trust, Interessengemeinschaft Farbenindustrie, usually called I. G. Farbenindustrie, by which the American firms surrendered certain patent rights to the German firm, and agreed not to use them even in case of war between the United States and Germany. The investigation, as a matter of fact, resulted in the bringing of indictments for violation of the Sherman Anti-trust Act against Standard Oil of New Jersey, Aluminum Company of America, E. J. DuPont de Nemours and Co. and many others. — Moreover, since World War I, it seems that cartels embracing firms in countries like Germany, France, England, the United States, have been incorporated or centralized in Switzerland or Sweden, and have issued stock in the cartel to people in these various countries; people who, apparently considering their *country is where profit is*, did not hesitate to draw bigger and bigger profits from the cartel when World War II broke out,—even though the profits came from munitions industries in countries at war with their own. For instance, during the 1920's the big German armament firm of Friedrich Krupp, to avoid some

of the severe restrictions of the Versailles treaty, entered a kind of cartel agreement with the Swedish armament manufacturer, Bofors. By this agreement Krupp transferred to Bofors its patents, its licenses, and its secret processes of manufacture in exchange for a block of Bofors stock. During World War II, however, the United States Navy used a 40 millimeter Bofors gun, for which the United States paid royalties in Sweden, —part of which, of course, went to the Krupp stockholders in Germany. By this *deadly and accursed internationalism of finance*, therefore, the United States was paying Germany for the armament used against it, and stockholders in Germany were getting dividends on the guns that were killing their sons and brothers.

No. 3. How to be Remedied

110. *In the second part of this Encyclical where We have presented Our teaching, We have described the remedies for these great evils so explicitly that We consider it sufficient at this point to recall them briefly. Since the present system*

Threefold Remedy

of economy is founded chiefly upon ownership and labor, the principles of right reason, that is, of Christian social philosophy, must be kept in mind regarding ownership and labor and their association together, and must be put into actual practice. First, so as to avoid the reefs of individualism and collectivism, the twofold character, that is individual and social, both of capital or ownership and of work or labor must be given due and rightful weight. Relations of one to the other must be made to conform to the laws of strictest justice—commutative justice, as it is called—with the support, however, of Christian charity. Free competition, kept within definite and due limits, and still more economic dictatorship must be effectively brought under public authority in those matters which pertain to the latter's function. The public institutions themselves of peoples, moreover, ought to make all human society conform to the needs of the common good, that is, to the norm of social justice. If this is done, that most important division of social life, namely, economic activity, cannot fail likewise to return to right and sound order.

1. Note that in this paragraph on *Remedies*, the Pope follows the same threefold plan as he did in the two preceding sections: that is, he gives the *remedies*, first, for the evils of unrestrained business competition or conflict; secondly, for the evils in the relations between business and government; and thirdly, for the relations in international life.

2. Note also very particularly that the *remedies* given here constitute in summary the Church's solution of modern social and economic evils. Catholic writers often speak of the "Church's solution" of these evils, but rarely follow the outlines here officially given by the Pope.

3. In the Pope's remedies for the evils of business itself, two things call for special attention. The first is the fact that the Pope in saying that *the present system of economy* (i.e., the capitalistic economic system) *is founded chiefly upon ownership* (or capital) *and labor*, is again expressing

his acceptance of or hopefulness for the the capitalistic economic system; see above n. 101/3 ff. The second is the fact that the *principles of right reason, etc.*, about the *association together* of capital and labor include the principle of the right of workers to join together in unions of their own choosing; a principle which, as the Pope indicates here, is one of the first and foremost in the Church's solution or remedy for modern social and economic ills. And note that the Pope's doctrine on association in unions applies also to association in cooperatives, the formation of which is also urged in the Catholic program of social reconstruction.

4. *Ownership (i.e., capital) and labor and their association together.* This is another reference to the "orders," as treated above, n. 81 ff.

5. *Relations of one to the other . . . strictest justice . . .* This is an indication that wages, which constitute a very important matter in the *relations of capital to labor*, are due in strict justice, i.e., *must be made to conform to the laws of strictest justice.*

6. *Free competition, kept within definite and due limits . . .* For many years there has been a growing recognition in the United States of the need of keeping *free competition within definite and due limits*, although the efforts made to apply it were not always successful. For instance the Clayton Act of 1914, which was designed to keep *free competition within definite and due limits* by bolstering up the earlier Sherman Anti-Trust Law of 1890, still turned out to be so ineffective that it was characterized as "an absolute dead letter," or "a nullity" in regard to one of its most important provisions, by officials of the Federal Trade Commission (TNEC Report, p. 276). Congress has also set up various Commissions precisely with the object of keeping *free competition within definite and due limits*; such are the Federal Trade Commission, Federal Power Commission, Interstate Commerce Commission, Securities and Exchange Commission, etc. The "Codes of Fair Competition" drawn up under the NRA, 1933-5, were also attempts in this direction. The Bituminous Coal Commission set up by Congress in 1935 and again in 1937 is an attempt, which has had some success, to regulate prices and methods of competition in the bituminous coal industry.

7. *Economic dictatorship must be effectively brought under public authority . . .* The reform of the Federal Reserve System of banks in the United States in 1933-5 is an application of the Pope's principle here; see above n. 106/9 ff. Various indirect attempts have been made, with some success, to curb also the power of the giant economic dictatorships in the utility field. The Tennessee Valley Authority, for instance, and similar bodies, are private corporations with the powers of government, producing and selling electric power at reasonable rates, thereby establishing a level which serves as a "yardstick" for all utility rates in the neighborhood, and force the big companies to lower their exorbitant charges to this reasonable level. The Rural Electrification Administration enables farmers, especially in the south, to obtain electric light and power through cooperative enterprises or otherwise at reasonable cost,—thus delivering them from dependence on the giant utility corporation, and at the same time reducing the extent of the utility's domain. A proposal made by the Federal Trade Commission, and urged by Senator O'Mahoney in his final statement as Chairman of the TNEC in 1941, was that legislation be passed

requiring corporations that do an interstate business to get their charters from the Federal government, and thus come under its control. As it stands, corporations get their charters from State governments; and the strange and unreasonable thing about this arrangement is that 1) sometimes a State creates a corporation bigger than itself; for, as has been said, some of the "billion dollar giant" corporations have greater assets than all the taxable property in the State that gives them corporate existence; and 2) the State after giving existence to the corporation, is helpless to control or regulate any of its activity outside the State boundary lines; and sometimes most of the activity is outside the State.

8. *Under public authority in those matters which pertain to the latter's function . . .* Citing the doctrine of Leo XIII in *RN*, Pius XI gave an excellent summary of *what matters pertain to the function of public authority*, above n. 25; see also n. 73,81,88,109.

9. On this general head of public safeguards of free competition and public control of monopolies, the American Bishops stated in their 1919 "Program of Social Reconstruction": "For the . . . evil . . . of excessive gains by a small minority of privileged capitalists, the main remedies are prevention of monopolistic control of commodities, adequate government regulation of such public service monopolies as will remain under private operation, and heavy taxation of incomes, excess profits, and inheritances."

10. *Public institutions themselves . . . make all human society . . .* This refers to international relations. The League of Nations, at least in theory, was one such step; so too was the Pan-American Conference at Buenos Aires in 1936, when President Roosevelt spoke for collaboration between all the American countries as equals or "good neighbors" rather than for the old imperialistic interpretation of the Monroe Doctrine, by which the United States held itself the great protector of all America. The Reciprocal Trade Agreement policy and, after the outbreak of World War II, the Lend Lease policy, are other examples of *public institutions* which tend to make all human society conform to the needs of the common good.

Further Readings on the Changed Aspect of Economic Life

On the Capitalistic System in General:

Fanfani, *Catholicism, Protestantism, and Capitalism* (Sheed and Ward) and Ryan, *A Better Economic Order* (Harper); Tawney, *Religion and the Rise of Capitalism* (Harcourt Brace). For the distributist and agrarian viewpoint, see: Belloc, *The Restoration of Property* (Sheed and Ward), and his pamphlet, *The Catholic Church and the Principle of Private Property*, Part II (International Catholic Truth Society); and Chesterton, *Outline of Sanity* (Dodd Mead); and Agar, *Land of the Free, Who Owns America, Free America* (all Houghton Mifflin). On the Spread of the Capitalist System to Agriculture see the NCWC Pamphlets: *Our Rural*

Proletariat, The Rural South, Problem or Prospect? and *Vanishing Homesteads*, all 3 by Schmiedeler; the TNEC Committee Report, p. 381-477; and the LaFollette Report on Employers' Associations and Collective Bargaining in California (1942-44), Part I-IX, an excellent factual study of one outstanding instance of what the Pope describes in this part of the Encyclical.

On the Changes Since Leo XIII:

Regarding concentration of wealth and economic power in general, see the government reports and studies referred to above, 105/3, and 106/25-6. The study by Berle and Means, *The Modern Corporation and Private Property* (Macmillan), is classical on this subject; Ware and Means, *The Modern Economy in Action* (Harcourt, Brace), is also good. Chase, *Where's the Money Coming From?* (20th Century Foundation), gives an excellent review of changes in popular attitudes to money during recent years. On banking and bankers, there is no end of literature, but most of it is either too technical and conservative or too superficial and drastic. On commercial banking, perhaps the most objective and satisfying works are: Chapman, *American Business and Banking Thought*, 1913-36 (Longmans Green); and the various *Hearings* on banking bills before Congressional committees, in which one finds the pros and cons of modern banking treated by experts on both sides in an informal and intelligible manner; see especially the Hearings on the Banking Bill of 1935, cited as "74th Congress, 1st session, on S. 1715 (HR 7617)"; and the Hearings on Government Ownership of the Twelve Federal Reserve Banks (1938), "75th Cong., 3rd Sess., on HR 7230." On the TNEC see Lynch, *The Concentration of Economic Power* (Columbia U. Press).

On investment banking see Brandeis, *Other People's Money* (National Home Library), Flynn, *Security Speculation* (Harcourt Brace), besides the Stock Exchange Practices Report (73rd Cong., 2nd Session, Report 1455) and the Wheeler Railroad Reports, especially the one giving the history of the Van Sweringens and their relation with the investment bankers J. P. Morgan and Co., namely Report n. 714, Parts I-IV, of the 77th Congress, 1st Session, *The Van Sweringen Corporate System*; also some of the very interesting shorter reports (averaging about 30 or 40 pages) which give details on the activities referred to in the commentary of the investment bankers Kuhn, Loeb and Co. and the Chicago, Milwaukee, and St. Paul Railway (76th Congress, 3rd Session, Reports n. 18-22), and the Pennroad Corporation (Report n. 24).

On the *Conflicts* and *Tragic Consequences*, there are excellent popular works: Josephson, *Robber Barons* (Harcourt, Brace) deals with the American big business men before 1900, and Allen, *Lords of Creation* (Harper) roughly covers the period since 1900. Flynn, *God's Gold* (Harcourt, Brace) is the life of John D. Rockefeller; there is also Corey, *House of Morgan* (Grosset), and O'Connor, *Mellon's Millions* (John Day). On lobbies, see the TNEC Monograph *Economic Power and Political Pressures*; and Crawford, *The Pressure Boys* (Messner).

On *Commercial Wars* and *Imperialism*, see Parker Moon's outstanding work, *Imperialism and World Politics* (Macmillan), and Denny,

America Conquers Britain (Knopf). See also ESS, articles Imperialism, Backward Countries, Forced Labor.

There are some excellent N.C.W.C. pamphlets on these subjects: Brown, *Economic Power in the United States*; Cronin, *Prices in the United States*, and *Rugged Individualism*; Skinner, *Debt System or Property System*; and McGowan, *Towards Social Justice*.

The periodical *America* has good articles on Insull (Vol. 48, page 82); the Van Sweringens (49/465); Morgan (49/193); see also 48/548, 592; 49/31, 251, 465; 53/611.

Chapter Two

The Changes of Socialism

111. *Socialism, against which Our Predecessor, Leo XIII, had especially to inveigh, has since his time changed no less profoundly than the form of economic life. For Socialism, which could then be termed almost a single system and which maintained definite teachings reduced into one body of doctrine, has since then split chiefly into two sections, often opposing each other and even bitterly hostile, without either one however abandoning a position fundamentally contrary to Christian truth that was characteristic of Socialism.*

Intro-
duction

1. In the phrase *changes of Socialism*, Pius XI is referring to the same movement or group that Leo XIII called "Socialism" in 1891. Leo XIII never used the term "Communism" in his Encyclical *RN*; and the "reds" of his day did not call themselves Communists, but Socialists. Hence *Socialism* in the heading *Changes of Socialism* does not mean the present day "pinks," but is a general term for all the "pinks" and all the "reds" together, especially as they were in Leo's time.

2. In Leo's time Socialism *could be termed almost a single system* because although there were various shades of "red" and "pink" in Leo's time, they all professed more or less to be followers of Karl Marx, taking his "Communist Manifesto" as their Gospel.

3. This Communist Manifesto was a document, or a pamphlet of about 40 pages, issued by Karl Marx and Friedrich Engels in 1848, expounding a theory of class struggle as the basis of world history, and inviting the proletarians of the world to rise in revolution against the "bourgeoisie,"—which was the name given by Marx to the dominant capitalistic class. This "Communist Manifesto" is very probably what the Pope refers to here when he says that the doctrines of the Socialists were reduced to *one body of doctrine*.

4. Socialism has since then *split chiefly into two sections* . . . The main cause of the split was the rise of Communism in Russia in 1917-18 under Lenin. All the "reds" were soon grouped on the Communist side, while the "pinks" constituted the various parties of "Socialists." Of course there are quarrels and discussions even within the ranks of Communism, which call for violent "purges" from time to time,—if not constantly. The main parties between 1925 and 1940 were those of Stalin and Trotsky.

Section 1. The More Violent Section, or Communism

112. *One section of Socialism has undergone almost the same change that the capitalistic economic system, as We have explained above, has undergone. It has sunk into Communism. Communism teaches and seeks two objectives: Unrelenting class warfare, and absolute extermination of private ownership. Not secretly or by hidden*

Aims

methods does it do this, but publicly, openly, and by employing every and all means, even the most violent. To achieve these objectives there is nothing which it does not dare, nothing for which it has respect or reverence; and when it has come to power, it is incredible

Methods

and portent-like in its cruelty and inhumanity. The horrible slaughter and destruction through which it has laid waste vast regions of Eastern Europe and Asia are the evidence; how much an enemy and how openly hostile it is to Holy Church and to God Himself is, alas, too well proved by facts and fully known to all. Although We, therefore, deem it superfluous to warn upright and faithful children of the Church regarding the impious and iniquitous character of Communism, yet We cannot without deep sorrow con-

Warning and Condem- nations

template the heedlessness of those who apparently make light of these impending dangers, and with sluggish inertia allow the wide-spread propagation of doctrine which seeks by violence and slaughter to destroy society altogether.

All the more gravely to be condemned is the folly of those who neglect to remove or change the conditions that inflame the minds of peoples, and pave the way for the overthrow and destruction of society.

1. Note here the fact that in this Encyclical the Pope does not condemn Communists, but only Communism. In the Encyclical on Atheistic Communism, however, issued in 1937, he does condemn certain Communists almost by name. In n. 24 of that Encyclical he says of Communism: "We blame only the system, with its authors and abettors." Such pointed condemnation is rare and significant in Papal Encyclicals,—significant, that is, that the individuals indicated must surely deserve condemnation.

2. As to the name "Communism,"—in 1848, Marx and Engels used the term "Communist" for their Manifesto, because at that time the term "Socialist" was associated with parties that were too theoretical or mild—too "pink" for them. Later in the 19th century, however, "Socialist" came to be an accepted name even for the "reds." It was not until the revolution in Russia in 1917 that the word "Communist" came into prominence again, being the name of the Russian revolutionary party and the Third or "Communist" International; see below n. 112/8.

3. *One section of Socialism has undergone almost the same change as the capitalistic economic system . . . This is a startling statement by the Pope. It can hardly mean anything but that the drift towards the violence*

and oppression of dictatorship in Communism is only a counterpart of the drift towards the graft and oppression of monopoly in big business.

4. *Unrelenting class warfare* . . . According to Karl Marx in his "Communist Manifesto," the Industrial Revolution which began about 1775 produced two classes, the bourgeoisie and the proletariat; the bourgeoisie being the "haves," and the proletariat, the "have nots." A condition of *unrelenting class warfare* exists, he further teaches, between the proletarians and the bourgeoisie,—also called the capitalists, the bosses, or the "enemies of the revolution." Under Stalin's rule in Russia, the "enemies" have been officially grouped in two classes: Trotzkyites and Fascists.

5. The Trotzkyites are Russians, at home or abroad, who happen to be opposed to the policies of Stalin, the Russian dictator. Since Trotzky, who was assassinated in Mexico in 1940, was Stalin's main Russian opponent, all these opponents have been called "Trotzkyites."

6. Stalin and Trotzky, as disciples of Karl Marx, both believed in bloody world revolution by the proletariat against the bourgeoisie; but Stalin believed that Russia should first establish itself as self supporting, and then go on to the world revolution; whereas Trotzky held that the world revolution should come first. After the Nazi invasion of Russia in 1941, however, even Stalin became more nationalistic and less faithful to Karl Marx's ideal of "workers of the world unite"; one sign of this change was the dropping of the "Internationale" as the official Soviet anthem, and the adoption in 1944 of a more nationalistic national anthem.

7. "Fascists," as the Communists understand the term, are any and all non-Russians opposed to the Stalin regime; they include the Catholic Church, the Pope, Hitler (except during the Nazi-Soviet pact, 1939-41), Mussolini,—anything and everything, no matter how different in themselves, from the corner grocer to the international bankers, who are opposed to Stalin. It is remarkable what odium attached to this term "Fascist" even in the otherwise case-hardened American newspaper world, and how few persons could give definite ideas of what made them shudder at the term.

8. The *unrelenting class warfare* is derived by all orthodox Marxists from "The Communist Manifesto," which concluded with this call to international class war: "Let the ruling classes tremble at a Communist revolution. The proletarians have nothing to lose but their chains. They have a world to win. Workingmen of all countries, unite!" In 1864, Marx founded "The International Workingmen's Association," later called the "First International," as an agency to start the revolution. But in 1872 at a Congress of Socialists or Communists at The Hague, a violent schism arose between the Anarchists and the less radical Socialists; this was the end of the First International. The "Second International" was founded in Paris in 1889 at a Congress of Socialist and Trade Union Delegates; this later became known as the "Socialist International." But after World War I it was hardly more than an international debating society, and did not even hold very many international congresses at which debates could be held. The "Third International," or the Communist International, or the Comintern, was founded by Lenin in 1919 after the Communist revolution in Russia, as an agency to stir up *unrelenting class warfare* and spread the proletarian revolution throughout the world. In fact, Lenin's

contribution to the theory of Communism, over and above his practical role in the Russian revolution, was the elaboration of the "technique of revolution." This technique consists first in the arousing of a "revolutionary situation," which is done by fomenting labor trouble, racial differences, political unrest, religious bigotry, etc.; and then in actually launching the red revolution. In practice, the Third International was behind more than forty revolutions throughout the world between 1919 and 1939. According to the June, 1939, issue of *The World Problem*, an international publication got out by the Jesuits in Rome during the late 1930's, it cost about forty million lives. Not one of these forty-odd revolutions, moreover, was permanently successful. Indeed the Third International itself was far from following any one consistent policy of revolution, but swung back and forth from violent radicalism to the tactics of "united front" and "boring from within" and back again, on the basis of what was opportune for Soviet Russia at the moment rather than of what was consistent with the teachings of Marx and Lenin. Nevertheless, the protest was always made, no matter how staggering the change in policy, that the Party was still true to Marx and Lenin. Even when Stalin completely dissolved (or pretended to dissolve) the Comintern in 1943, the dissolution was still in the name of Marx and Lenin.

9. *Absolute extermination of private ownership . . .* This extermination was still the old orthodox Marxian ideal in Russia in 1931; but since then the Communist Party has changed its stand on private property as it has on class warfare. In 1936 a document called "The New Soviet Constitution" was issued by the Communist Party in Russia. It is unlike any other Constitution in the world, resembling in general rather a political manifesto of aims and justification of procedure than a formulation of the mutual rights and obligations of the government and the people; but among other things it makes some concessions to private property;—a step which was actually recognized in 1936 by observers throughout the world as a movement away from the old orthodox Marxian stand. Since 1936, the movement has continued still farther; for instance, stores have begun to carry and sell more "luxury goods," higher wages began to be paid for more skillful and efficient work than what was paid for work less skillful and efficient. Indicative of the general trend away from the proletarian dead level of Communism was the fact that after the outbreak of the war with Germany in 1941, Stalin issued forth now no longer "Comrade" Stalin, but "Marshal" Stalin.

10. *Incredible and portent-like in its cruelty and inhumanity . . .* The allusion here in *portent-like* seems to be to Antichrist; i.e., the cruelty and inhumanity of Communism portends the iniquity of Antichrist who will be "the man of sin," the "son of perdition" (2 Thess., 2/3).

11. *Horrible slaughter and destruction . . .* The forty odd red revolutions in the world between 1919 and 1939 were nothing but orgies of *slaughter and destruction*; close to forty million people were *slaughtered*, often with diabolical *cruelty and inhumanity*, as in Spain 1936-9; and the net result of all the revolutions and slaughter was only *destruction*. Nowhere outside of Russia did a Communist revolution establish itself in a constructive and permanent way; and even in Russia, since 1931, it has abandoned its original stand on such important points as international class

warfare, on the abolition of private property, and even on militant atheism, —indeed, this partial abandonment of orthodox Communism may be taken as one reason why Russia succeeded in resisting the Nazis in World War II.

12. *Openly hostile to Holy Church and to God Himself . . .* The slogan of Karl Marx "Religion is the opium of the people" is well-known (although no Communist has ever been able to answer the objection offered to this clever phrase, namely, that the people who have the most religion, i.e., the Saints, are the ones who appear the least sluggish and the most active for God and fellowman). In Soviet Russia there were active and violent persecutions of the Church in 1922, 1929-34, and 1937. Hundreds of churches were closed and thousands of priests executed or exiled. In Spain the Communist revolution, 1934-9, produced the following murders: 13 Bishops, 5255 priests, and 2669 religious brothers and nuns. Beginning in 1939, however, there was a strange change of policy here too; or perhaps Stalin recognized the hopelessness of the anti-religious struggle. At any rate, after 1938 the anti-God societies which had been formed during the previous 20 years were suddenly disbanded; atheistic and anti-religious publications were discontinued; the Holy Bible was printed in Russia for the first time since 1927; seminaries were opened again; and the Russian Orthodox Church was officially restored. Whatever the meaning or implication of all these strange developments, they surely indicate a startling departure from the old party line.

13. In the United States the Communist Party, through many strange vicissitudes since the early 1920's, has ever been completely subservient to the interests and dictates of Soviet Russian home and foreign policy. If "religion is the opium of the people," the Communists who have stuck to the Party in the United States during these years must somehow have an unusually strong dose of it, to enable them to contradict and stultify themselves so repeatedly as orders from Moscow have required them to do. As a matter of fact, however, many comrades have found it impossible to follow the constant changes in party policy. In the 1920's, the party membership underwent an almost total turnover every three or four years; and whereas in 1936 a membership of 75,000 to 100,000 was claimed, in 1941, according to Eugene Lyons in his book *The Red Decade*, it was probably back to 35,000 to 40,000. Before Hitler invaded Russia in 1941, the propaganda of the Party was unceasing in favor of peace and against American aid to Britain; but the moment Russia entered the war, the propaganda instantly swung around to equally violent demands in favor of American participation on the side of the Allies, and for the opening of a "second front" in Europe at once. Indeed, American Communists went to extreme lengths in support of the war effort. Earl Browder, then National Secretary of the Party, declared in January 1944, that thenceforth the Communists in the United States would abandon the cherished Marxian ideal of class warfare, and "exert all influence to minimize and if possible eliminate the use of violent struggle for the settlement of inner problems" (though Communism without class war is like Christianity without Christ). Moreover, Harry Bridges, a well known docile follower of the party line on the west coast, came out with a proposal that labor continue the no-strike pledge, which it had given for the duration of the war, even after hostilities were over. And in 1943-4, when the employees of

the Montgomery Ward plant in Chicago were being subjected to a particularly vicious anti-labor attack, and were resisting with moderation, courage, and patriotism, the *Daily Worker*, national organ of the American Communist Party, attacked them bitterly for "disrupting the war effort," and being "irresponsible." In May, 1944, the Communist Party in the United States dissolved itself, or rather gave itself a new front: the "American Communist Political Association," or the "non-party association for political association."—As soon as the European war was over, however, the party line in the United States changed again. In the summer of 1945, Earl Browder was sternly rebuked by a party convention and was removed from office. It was charged that he had been unfaithful to genuine Marxism and Leninism. Class war became the object of the Party once more, the Communist Party was reconstituted, and strikes were fomented wherever possible.

14. Note that some commentators on Canon Law declare that Communists incur the same excommunication as freemasons, and if they wish to be converted or reconciled to the Church, the confessor must follow the same procedure for Communists as for freemasons; for Canon 2335 imposes the penalty of excommunication on "those who join a masonic sect or other similar organization which is subversive of the Church or legitimate civil powers."

Further Readings on Communism

As is evident, the Pope is not giving a thorough treatment of the philosophy and history of Communism here. This he does in the Encyclical on Atheistic Communism, issued 1937.

On the subjects he does treat here see: Hollis, *Lenin* (Bruce); Sheed, *Communism and Man* (S. & W.); Gurian, *Bolshevism, Theory and Practice* (S. & W.); Lyons, *Assignment in Utopia* (Harcourt Brace); Timasheff, *Religion in Soviet Russia* (S. & W.); O'Brien, *Thunder from the Left* (Our Sunday Visitor Press); Lyons, *The Red Decade* (Bobbs-Merrill), esp. Chapter I, "The Five Ages of the Communist International."

Section 2. The More Moderate Section, Which Has Retained the Name Socialism

113. *The other section, which has kept the name Socialism, is surely more moderate. It not only professes the rejection of violence, but modifies and tempers to some degree, if it does not reject entirely, the class struggle and the abolition of private ownership. One might say that, terrified by its own principles and by the conclusions drawn therefrom by Communism, Socialism inclines toward and in a certain measure approaches the truths which Christian tradition has always held sacred; for it cannot be denied that its demands at times come very near those that Christian reformers of society justly insist upon.*

Introduction

1. Note that the *Socialism* referred to here by the Pope is not one single party; rather, it is the term he uses to cover all the various shades

of "pink." Note that the Pope goes into detail to describe the very mildest of them all; but then in the next section, condemns even that mildest form in the strongest terms.

2. In 1931, when *QA* appeared, German National Socialism, or Nazi-ism, ranked as one of these milder forms of Socialism; for at that time it held some of the "milder" tenets described here by the Pope; but later in the 1930's its doctrines on property, etc., were more or less absorbed into what is predominantly a religious system of national paganism. In the Encyclical on "The Church in Germany" issued in 1937, the Pope does not mention at all its Socialist tenets, but only its errors in the religious and strictly moral field.

3. As to Socialism in American political life, when *QA* was issued in 1931, it was more important than it is today; since 1931 the "pink" Socialists have pretty generally either gone over to the "red" Communists or else joined some genuine American political party, especially the Democratic party. In the 1936 Presidential election the Socialist Party polled 187,000 votes,—one-fifth of what they mustered in 1932; in 1940 this number went down to 116,000, and in 1944, down to 80,500. In some labor unions, however, (notably the United Automobile Workers) Socialists were still prominent in 1944 as the active opponents of the Communist elements; indeed it is likely that often the name "Socialist" adopted by labor union leaders or others meant rather "anti-Communist" than anything else (see below n. 117/5).

4. *Its demands come very near . . .* The platform of the Socialist Party for the Presidential campaign of 1928 (the last one before *QA* appeared in 1931) contained many such *demands*; for instance: Unemployment insurance, health and accident and old age insurance for workmen; taxation of high incomes; abolition of injunctions in labor disputes; encouragement of farmers' cooperatives.

No. 1. Tenets

114. *For if the class struggle abstains from enmities and mutual hatred, it gradually changes into an honest discussion of differences founded on a desire for justice, and if this is not that blessed social peace which we all seek, it can and ought to be the point of departure from which to move forward to the mutual cooperation of the Industries and Professions. So also the war declared on private ownership, more and more abated, is being so restricted that now, finally, not the possession itself of the means of production is attacked, but rather a kind of sovereignty over society which ownership has, contrary to all right, seized and usurped. For such sovereignty belongs in reality not to owners but to the public authority. If the foregoing happens, it can come even to the point that imperceptibly these ideas of the more moderate Socialism will no longer differ from the desires and demands of those who are striving to remold human society on the*

**It Departs
Somewhat
from the
Class Struggle**

**And from the
Abolition of
Private Ownership**

basis of Christian principles. For certain kinds of property, it is rightly contended, ought to be reserved to the State since they carry with them a dominating power so great that it cannot without danger to the general welfare be entrusted to private individuals.

1. *A kind of sovereignty over society . . .* Not all ownership carries this with it, but only the ownership on a large scale of *certain kinds of property*, such as natural resources—water power sites, mines, forests, also public utilities and railroads; and above all, the banking business, as the Pope said above n. 106. How the ownership of such things involves *sovereignty* or dictatorship in business life is clear from what was said above n. 105 ff., concerning the nature and consequences of business dictatorship.

2. *Certain kinds of property ought to be reserved to the State . . .* This reserving, or “nationalization” as it is also called, can be done in various ways: “nationalization” does not necessarily mean that the government is to take over complete ownership and control of these things. Some instances in the United States are: 1) the nationalization of gold, by which the government took over both ownership and control of gold specie; also, after World War II, the nationalization of atomic energy; 2) to a certain extent the Tennessee Valley Authority, by which, among other things, the government controls electric power rates by entering into competition with private firms; 3) banking legislation, by which the government leaves the ownership of the banks in private hands, but exercises control of them itself. Note that the Catholic “Code of Social Principles” says, n. 157: “It is particularly desirable that the bank which has the responsibility of issuing fiduciary money should be distinguishable from the State, though acting under State control and with its assistance.”

3. Note the reason given by the Pope, or the underlying guiding principle for the nationalization of property: the government should take over if big business threatens the *general welfare*; in particular, if big business has a *dominating power so great* as to threaten to reduce the ordinary people to a kind of serfdom. But suppose “big government” also shows a tendency to reduce the ordinary people to a kind of serfdom? In that case, the same reason or principle given by the Pope against excessive control by “big business” applies also to excessive control by “big government.” This was the doctrine laid down by Pius XII in a Letter to the 1946 Semaine Sociale of France at Strasbourg. The Semaine Sociale was treating this problem in particular, and the Pope declared: “Our Predecessors, and We Ourselves, have more than once touched upon the moral aspect of the nationalization of enterprises. Now it is evident that, instead of making life and work in common less mechanical, this nationalization, even when it is licit, risks rather to make them more so, and that consequently, the profit accruing from nationalization to a true community is highly questionable.”

115. *Such demands and desires have nothing in them now which is inconsistent with Christian truth, and*

Conclusion *much less are they special to Socialism. Those who work solely toward such ends have, therefore, no reason to become socialists.*

No. 2. Doubts About Relation Between Church and Socialism

116. Yet let no one think that all the socialist groups or factions that are not communist have, without exception, recovered their senses to this extent either in fact or in name. For the most part they do not reject the class struggle or the abolition of ownership, but only in some degree modify them.

**First Doubt:
Can a Middle
Course Be
Followed**

Now if these false principles are modified and to some extent erased from the program, the question arises, or rather is raised without warrant by some, whether the principles of Christian truth cannot perhaps be also modified to some degree and be tempered so as to meet Socialism half-way and, as it were, by a middle course, come to agreement with it. There are some allured by the foolish hope that socialists in this way will be drawn to us. A vain hope! Those who want to be apostles among socialists ought to profess Christian truth whole and entire, openly and sincerely, and not connive at error in any way. If they truly wish to be

The Answer

heralds of the Gospel, let them above all strive to show socialists that socialist claims, so far as they are just, are far more strongly supported by the principles of Christian faith and much more effectively promoted through the power of Christian charity.

1. *The question arises, or rather is raised without warrant by some . . .* These were certain liberal Protestants and perhaps some Catholics in various countries of continental Europe; and the question is raised without warrant because careful consideration would show that there never can be any slightest sacrifice of Christian principle; the Church has seen whole nations leave the Church rather than sacrifice a Christian principle—as for instance happened when a sacrifice of the Christian principles on matrimony would have probably saved England to the Church.

2. *Far more strongly supported by the principles of the Christian faith . . .* On the point of class war, the workingmen will surely be better off if employers and workingmen unite in a spirit of cooperation and mutual understanding,—as the Church teaches,—than they will if concessions are wrung from employers under pressure without mutual good will—as Socialism teaches; for the absence of good will only leads to new difficulties. And on the point of private property, the workingmen will undoubtedly be better off if private property be kept free from attack—as the Church teaches,—than they will if it be weakened in any way—as Socialism teaches; for the little property of the workingman will suffer most from any attack on private property; the great and powerful will always turn such attacks against the defenseless workingman.

117. *But what if Socialism has really been so tempered and modified as to the class struggle and private ownership that there is in it no longer anything to be censured on these points? Has it*

**Second Doubt:
Can Socialism
Be Baptized?**

thereby renounced its contradictory nature to the Christian religion? This is the question that holds many minds in suspense. And numerous are the Catholics who, although they clearly understand that Christian principles can never be abandoned or diminished seem to turn their eyes to the Holy See and earnestly beseech Us to decide whether this form of Socialism has so far recovered from false doctrines that it can be accepted without the sacrifice of any Christian principle and in a certain

The Answer: Its Concept of Society and of Man's Social Character Is Utterly Foreign to Christian Truth

sense be baptized. That We, in keeping with Our fatherly solicitude, may answer their petitions, We make this pronouncement: Whether considered as a doctrine, or an historical fact, or a movement, Socialism, if it remains truly Socialism, even after it has yielded to truth and justice on the points which We have mentioned, cannot be reconciled with the teachings of the Catholic Church because its concept of society itself is utterly foreign to Christian truth.

1. *This is the question that holds many minds in suspense . . . These many minds* were groups of Catholics intent on social reform in Austria and Germany; some of them seem to have been the "would-be reformers" reprimanded by the Pope in an earlier part of the Encyclical, n. 46. In 1930, the Austrians in the group drew up a kind of program which they submitted to the Pope for approval; its main content was the question here given in the Encyclical. It here receives its public and official answer.

2. Note in the Pope's reply the unusual solemnity with which he declares: *We make this pronouncement*, etc. This solemnity of expression, together with the nature of what he is pronouncing on: namely, a fact connected with faith or morals, indicates that this pronouncement is connected in some way at least with the Pope's infallibility in matters of faith or morals. This should be noted by those who declare that *QA* is Socialistic; as a matter of fact, the nearest thing to a new infallible pronouncement in the entire Encyclical is this condemnation of Socialism even in its mildest form. Note, however, that it is not only the infallible pronouncements of an Encyclical that are binding on Catholics; its disciplinary pronouncements have also their binding force. See above, n. 8/5.

3. As a *doctrine*, it is Socialism in theory; as an *historical fact*, Socialism as it has appeared in practice; as a *movement*, Socialism as it has appeared in political parties of various kinds. These last two terms may overlap somewhat; the Pope evidently uses them with a desire of excluding any possible misunderstanding of the completeness of his condemnation.

4. Note that this condemnation does not apply to the British Labor Party. For though loosely affiliated with the Socialist International (above n. 112/8), the British Labor Party does not espouse the false doctrines for which Pius XI condemns Socialism *if it remains truly Socialism* (n. 118-9). Moreover, two Cardinal Archbishops of Westminster, Cardinal Bourne in 1931 and Cardinal Griffin in 1946, have declared that English Catholics are free to join the British Labor Party.

5. As regards the United States, Fr. Wm. Smith, S. J., published in his *Crown Heights Comment* for December 4, 1945, a letter from the National Secretary of the Socialist Party in the United States, Harry Fleischman, which read in part: "... the Socialist Party, U. S. A., has practically from its inception discarded the anti-religious conceptions of Karl Marx and has insisted that religion is a private matter for the conscience of each person to decide, not a question of Party belief."

118. *For, according to Christian teaching, man, endowed with a social nature, is placed on this earth so that by leading a life in society and under an authority ordained of God⁽¹⁾ he may fully cultivate and develop all his faculties unto the praise and glory of his Creator; and that by faithfully fulfilling the duties of his craft or other calling he may obtain for himself temporal and at the same time eternal happiness.*

Reasons:
Christian
View

Socialism, on the other hand, wholly ignoring and indifferent to this sublime end of both man and society, affirms that human association has been instituted for the sake of material advantage alone.

1. The Pope now contrasts the Christian view of man and society (n. 118) with the Socialist view (n. 118-19). In this n. 118 he gives the Christian view in these four statements: first, the fact of man's living in society is a matter or a requirement of his very nature; secondly, authority in society is from God; and here the Pope refers to St. Paul's Epistle to the Romans, 13/1: "There is no power but from God, and those that are, are ordained of God"; thirdly, man's activity in society is to consist in the free development of his faculties for God's glory; and fourthly, man's activity in society has for its object man's own temporal and eternal happiness; on this point the Pope refers to the Encyclical of Leo XIII, "Diuturnum," issued June 29, 1881, and dealing with the origin of civil authority. The English translation of this Encyclical is available in "Social Wellsprings," published by Bruce, vol. I, page 47.

2. *Endowed with a social nature . . .* This social nature of man is plainly evident from a consideration of man's natural needs. Without the help and cooperation of his fellowmen, he is the most helpless and defenseless creature on earth. He also needs his fellowmen in order to live like a human being; for without them, he could never provide himself with food, clothing, shelter, to say nothing of the higher things of life. Man's social nature is also evident from his natural faculty of speech, by which he communicates with his fellows. See above, n. 71/7.

119. *Because of the fact that goods are produced more efficiently by a suitable division of labor than by the scattered efforts of individuals, socialists infer that economic activity, only the material ends of which enter into their thinking, ought of necessity to be carried on socially. Because of this necessity, they hold that men are obliged, with respect to the producing of goods, to*

Socialist
View

(1) Cf. Rom. XIII, 1.

surrender and subject themselves entirely to society. Indeed, possession of the greatest possible supply of things that serve the advantages of this life is considered of such great importance that the higher goods of man, liberty not excepted, must take a secondary place and even be sacrificed to the demands of the most efficient production of goods. This damage to human dignity, undergone in the "socialized" process of production, will be easily offset, they say, by the abundance of socially produced goods which will pour out in profusion to individuals to be used freely at their pleasure for comforts and cultural development. Society, therefore, as Socialism conceives it, can on the one hand neither exist nor be thought of without an obviously excessive use of force; on the other hand, it fosters a liberty no less false, since there is no place in it for true social authority, which rests not on temporal and material advantages but descends from God alone, the Creator and last end of all things.⁽¹⁾

1. In the last sentence of n. 118 and all through this n. 119 the Pope gives the Socialist doctrine corresponding to the four points of the Christian concept presented above; and then gives a short summary or conclusion of this Socialist concept.

2. This is the Socialist view: First, man's living in society is only a matter of expediency or convenience for bigger and better economic production; secondly, authority in society is not from God, (Who indeed has no place whatever in the Socialist concept of man and society) but from the necessities of combined directed effort for bigger and better economic production; thirdly, man's activity in society is not to be free, but is to be a matter of compulsory service in the interests of bigger and better economic production; fourthly, man's activity in society has for its ultimate object the free enjoyment (and this is the only "freedom" which Socialism recognizes) of the material goods produced by bigger and better economic production.

3. Note the three points in which the Pope summarizes the foregoing: first, excessive compulsion and violence is an essential part of Socialism; secondly, excessive license and the absence of all true moral restraint—which is what the Pope means by *false liberty*—is also an essential part of Socialism; and thirdly, both of these excesses are due to the absence of true authority.

4. *It fosters a liberty no less false . . .* According to Socialism, there is no authority whatever in society except that which is necessary for bigger and better economic production: hence in everything not directly connected with bigger and better economic production men are "free" to do exactly as they please; i.e., in moral, spiritual, and religious matters.

5. Note that on this point of liberty the Christian and Socialistic concepts are directly opposed to each other. Where the Christian declares man to be free, Socialism says he is under compulsion: namely, in the use of his faculties for economic production. And where the Christian

(1) Cf. Encyclical *Diuturnum illud*, June 29, 1881.

concept says he is bound, Socialism says he is free: namely, in matters of the moral law, or of genuine authority in society.

6. Finally, note the general fundamental difference or contrast between the Christian and the Socialist concepts of man and society. The Socialist concept looks to earthly happiness and stops right there. The Christian concept looks to earthly happiness as a means to happiness in the world to come.

120. *If Socialism, like all errors, contains some truth (which, moreover, the Supreme Pontiffs have never denied) it is based nevertheless on a theory of human society peculiar to itself and irreconcilable with true Christianity. Religious*

**Catholic and Socialist
Are Contradictory
Terms**

Socialism, Christian Socialism, are contradictory terms; no one can be at the same time a good Catholic and a true Socialist.

1. Note that there had been a political party in Austria called the "Christian Socialists," to which this condemnation had special application.

2. Previous Popes had also condemned Socialism, as the text indicates here: Pius IX in the "Syllabus" (n. 19, ff.); Leo XIII explicitly in "Quod Apostolici Muneris"; also in *RN*, n. 3-13 (7-23), and more or less indirectly in many other addresses and writings, for it was against Socialism that Leo XIII "had especially to inveigh," as Pius XI says, n. 111; and it had also been condemned by Pius X, if not explicitly, at least implicitly, by his prohibitions to Catholics in Italy and elsewhere to join any Socialistic movement. Hence Pius XI says at the beginning of the next section that his condemnations of Socialism are something *renewed and confirmed*.

No. 3. Socialist System of Education and Training

121. *All these admonitions which have been renewed and confirmed by Our solemn authority must likewise be applied to a certain new kind of socialist activity, hitherto little known but now carried on among many socialist groups. It de-*

Description:

**Socialism Pervading
Morality and Culture**

votes itself above all to the training of the mind and character. Under the guise of affection it tries in particular to attract children of tender age and win them to itself, although it also embraces the whole population in its scope in order finally to produce true socialists who would shape human society to the tenets of Socialism.

1. *Socialism pervading morality and culture*,—i.e., the Socialist system of education and training, was inaugurated by Anton Afritsch, an Austrian Socialist, who began in 1908 by forming groups of children who were to be educated into Socialists, in imitation of the Church's system of education of children into good Catholics. These groups of children with their instructors were called "The Children's Friends."

2. The *many Socialistic groups* which took up this *activity* were the various shades of pink and red Socialists and Communists all over Europe and the Americas who saw the need of training the young, and introduced it, especially after the war of 1914-18. In 1928 there were statistics to show that in Europe alone there were at least 135,000 children being systematically trained in Socialism by means of these groups. Note that training and education of the young was also a decided feature of Italian Fascism and German Nazi-ism; for both these movements were Socialistic in their origins. See above n. 93/15 and 113/2.

3. During the 1930's the Russian Communists made great use of this Socialist system of education and training, and it became part of the propaganda activity of the Third International. In the Encyclical "Atheistic Communism," n. 17, Pius XI thus describes it as it was in March, 1937: "It is, he says, a propaganda so truly diabolical that the world has perhaps never witnessed its like before. It is directed from one common center. It is shrewdly adapted to the varying conditions of diverse peoples. It has at its disposal great financial resources, gigantic organizations, international congresses, and countless trained workers. It makes use of newspapers, magazines, and pamphlets; of cinema, theater, and radio; of schools, and even universities. Little by little it penetrates into all classes of people, and reaches even the better minded groups of the community, with the result that few are aware of the poison which increasingly pervades their minds and hearts."

4. The clubs, societies, etc., may be grouped in four classes: for the "intelligentsia," for the workers, for students, and for youths and children. Note that not all the members of these clubs were Communists; but the clubs were under Communist influence or control. A complete listing of all the clubs, moreover, is practically impossible. Many of them had little if any existence except on paper and in Communist propaganda. New organizations appeared and disappeared with bewildering rapidity. The commentary will therefore give some sample names of Communist and Communist front organizations that have been publicized in the United States during the years 1935-46. For further details, the various Reports of the so-called "Dies Committee" can be consulted, although these Reports must be read with some caution. See below "Further Readings," after n. 126.

5. Some clubs and societies for the "intelligentsia" have been: The Friends of the Soviet Union, which later changed its name to The American Committee for Friendship with the Soviet Union; also The Society for Cultural Relations with Soviet Russia. Then there was the United States Congress against War, which about the year 1936 became the American League against War and Fascism, and a couple of years later, the American League for Peace and Democracy; still later, it branched off into the Conference for Democratic Action. During the Stalin-Hitler collaboration, in June 1940, much was made of a new Communist "front," the American Peace Mobilization; but when Hitler invaded Russia in 1941, the name was changed at once to American People's Mobilization. In connection with the red war in Spain, 1936-39, there was an almost endless stream of Committees, Conferences. Leagues to Bring Aid of various kinds and from various persons to "the Spanish Republic" or to "Spanish Democracy." Besides, concentrating on the more gullible among

the "100 per cent Americans," there were: the National Federation for Constitutional Liberties; Council against Discrimination; International Labor Defence; Southern Conference for Human Welfare; also the League of Professional Groups (Professors, Writers, etc.); Teachers' Union; National Cultural Council; Drama League of America; Nature's Friends; and the various John Reed clubs. For the workers there were: International Workers' Order; New Masses Clubs; National Negro Congress; Workers' Forums; Workers' Reading Clubs; Workers' Schools; and Workers' Camps (in 1937 there were such Schools in 200 American cities, and Camps in 32 cities); the largest of the workers' societies seems to have been the Workers' Alliance, organized in 1936 (under Communist direction) largely among the unemployed; at one time it claimed 800,000 members, the vast majority of them of course not Communist. Among the societies for students were: National Students' League; American Student Union (this latter claimed 30,000 members in 1937); the School for Democracy, which later developed into the Jefferson School of Science. For youths and children there were: Young Communist International; Young Communist League (in 1943 given a patriotic bath by changing the name to American Youth for Democracy!); the American Youth Congress; Young Pioneers of America; National Youth against War (until Stalin got into the war); National Council of Negro Youth.

6. In the middle 1930's the Communists made special efforts to *attract children under the guise of affection* by means of summer camps; in 1935 there were at least 32 of them in New York State alone, and in 1938, 15,000 young Communists were being turned out annually from these camps; also Homeless Youth Homes, and Communist Sports International. In each of these groups, an important part of the activities consisted in training the boys and girls in hatred of God and country.

7. There were similar attractions for older folk. Various clubs promoted were: International Labor Defence, Workers' Gymnastic and Sport Alliance, Labor Sports Union of America, the Mothers' League, Workers' Music League, Young Workers' Dance League, Workers' Sick and Death Benefit Fund of the United States of America, Working Men's Society, Benevolent and Educational Federation, National Unemployment Councils, etc.

8. In the field of propaganda, Russian Communism had its own international press service, called World News and Views,—previously called Inprecor, or International Press Correspondence,—published every week in English. Besides, there is the Daily Worker, published in New York, with a circulation between 50,000 and 100,000; this was and is the central organ of the Communist Party in the United States; also, the Sunday Worker, Southern Worker, etc., besides a great many in foreign languages.

9. There were also magazines for children and youth, such as New Pioneer, Fight, Young Communist Review, Champion of Youth, Up-surge, Student Advocate, Youth in Action, etc.; others for the people, such as, New Masses, Communist, Party Organizer, Negro Worker, Economic Notes, Labor Notes, Labor Defender, Woman Today, Sovietland, Soviet Russia Today. There were also United Front periodicals, such as the Fight against War and Fascism, Social Frontiers, Voice of China, China Today, Rural Worker, Farm Holiday News, Social Work Today. Finally, there

were cultural and scientific periodicals such as Art Front, Science and Society, International Literature, New Theater and Film, Theater Workshop, Photo-History, Health and Hygiene.

10. The Communists also put out countless books and pamphlets. Communist Book Shops were to be found in at least 50 cities in the United States, selling the greatest variety of Communist pamphlets and books. The pamphlets were sometimes only a cent or two apiece. As to the books, the same volume often had two prices, one considerably higher than the other; the idea evidently being that if the rich capitalist or bourgeois wanted to give his money to the Moscow International for the book, the Communists would take all they could get; but by means of the low price they would also make the volume available to the poor proletarian. Communist Publishers were: International Publishers, Workers' Library Publishers, and Labor Research Associates; Bookniga Corporation was an importing and distributing agency; the Vanguard Press also published a good deal of Communist literature.

11. They were also in the field of "cinema, theater, and radio." Various Communist films, glorifying conditions in Russia or justifying the Red revolution in Spain have been circulated in the United States. As to the theater there were numerous Communist clubs promoting theatrical activities, such as the Theater Club, Theater Guild, Workers' Theaters, Workers' Dramatic League; these specialized, of course, in Communist productions. As to the radio, this was more evident in Europe than in America; Moscow was broadcasting Communist propaganda all over Europe in many languages; in the United States, however, there also have been Communist radio speeches and programs.

12. In schools, Communists were active in the United States promoting the National Student League, American Student Union.

122. *Since in Our Encyclical, The Christian Education of Youth,⁽¹⁾ We have fully taught the principles that Christian education insists on and the ends it pursues, the contradiction between these principles and ends and the activities and aims of this Socialism that is pervading morality and culture is so clear and evident that no demonstration is required here. But they seem to ignore or underestimate the grave dangers that it carries with it who think it of no importance courageously and zealously to resist them according to the gravity of the situation. It belongs to Our pastoral office to warn these persons of the grave and imminent evil: let all remember that Liberalism is the father of this Socialism that is pervading morality and culture and that Bolshevism will be its heir.*

**Condem-
nation**

1. The principles and ends of Christian education, as given in the Encyclical on Christian Education, issued by Pius XI, December 31, 1929, are summed up in the definition of true education which he gives at the beginning of the Encyclical: "Since education consists essentially in pre-

(1) Encyclical *Divini illius Magistri*, December 31, 1929.

paring man for what he must be and for what he must do here below, in order to obtain the sublime end for which he was created, it is clear that there can be no true education which is not wholly directed to man's last end, and that in the present order of Providence, since God has revealed Himself to us in the Person of His Only Begotten Son, Who alone is 'the way, the truth, and the life,' there can be no ideally perfect education which is not Christian education."

2. Socialist and Communist education and propaganda, on the contrary, seeks to train militant atheists and haters of flag and country. Hence its opposition to the Christian principles and aims is so clear that *no demonstration is required*.

3. *They seem to ignore . . .* the people referred to here are the rulers of nations and public authorities generally, who let this Communist propaganda go unchecked; also the public press, which allows itself at times to be victimized into printing any and all kinds of Communist propaganda; and finally, even Catholics, who fail in their duty of caring for Catholic youth, especially those who have left Catholic schools, or are in public grammar or high schools.

4. *Liberalism is the father of this Socialism . . .* Under the spirit of economic Liberalism or Individualism, every individual is supposed to be free to do whatever he pleases; hence no check can be put on Communist propaganda, and this license leads to *Bolshevism*. The Pope here indicates that Liberalism itself must be corrected, and certain bars must be put on the freedom at least of Communists, if the world is to be saved from *Bolshevism*.

5. *Bolshevism* was the name generally given the Russian Communist regime in the years 1918 to 1925; as generally used, and as the Pope takes it here, it characterizes the bloodthirsty and destructive nature of Communism. Bloodthirsty and destructive indeed was for instance the Bolshevism which in 1934-38 followed Communist propaganda in Spain.

No. 4. Catholic Deserters to the Socialist Camp

123. Accordingly, Venerable Brethren, you can well understand with what great sorrow *We* observe that not a few of *Our* sons, in certain regions especially, although *We* cannot be convinced that they have given up the true faith and right will, have deserted the camp of the Church and gone over to the ranks of Socialism, some to glory openly in the name of socialist and to profess socialist doctrines, others through thoughtlessness or even almost against their wills to join associations which are socialist by profession or in fact.

The Fact

1. Catholic deserters to the socialist camp . . . By socialist here the Pope does not mean only "the more moderate section which has retained the name Socialism," but, as is evident from the context, he means any Communistic or socialistic group which Catholic workingmen may have joined.

2. In certain regions especially . . . At the time *QA* was written, 1931, these regions were especially Austria, Germany, and Spain.

3. *We cannot be convinced that they have given up the faith* . . . The Pope himself explains in the next paragraph, where he gives the reason alleged by these deserters, how and why they could join the Communists without having given up the faith.

4. An organization is *socialistic by profession* if it openly professes socialistic or communistic aims and policies; it is *socialistic in fact* if the actions of its responsible heads reveal in fact that its aims and policies are socialistic.

5. The Pope's reference here to unions which are socialist by profession or in fact might suggest the question: are American labor unions Communistic by profession or in fact? The answer is that the hundred-odd AFL unions (with a few exceptions in the case of union locals in New York City and Los Angeles), and the railway brotherhoods, have not been Communistic either by profession or in fact. The CIO and its affiliated unions are not Communistic by profession, but a number of CIO unions have fallen under Communist control in fact.

6. An organization is Communistic by profession when it expressly sets up as its aim and object the Communistic aim of class war. The CIO, however, has as one of its express aims in its official constitution: "... To secure for the workers means to establish peaceful relations with employers." Hence the CIO is not Communistic by profession.

7. During the years when the CIO unions were being organized—1935-39—CIO leaders were not prone to question a man's stand on Communism if he was a good union worker; and some Communists or followers of the Party line were highly gifted men and the hardest of workers. They thus easily secured influence or control in fact over a number of CIO unions. After World War II, however, a vigorous movement against this influence

and control developed in a number of unions—among them the Auto Workers, Marine and Shipbuilding Workers, the National Maritime Union, the Oil Workers, the Gas, Coke and Chemical Workers, the Packinghouse Workers, the Electrical Workers—and the influence was broken or considerably weakened all along the line.

8. As to actual extent of Communist control *in fact* over CIO unions in 1948, an excellent indication is to be had in the support given or refused to Henry Wallace, the Communist candidate for President of the United States. In August, 1948, at an executive Board meeting of the CIO, 36 of the members voted to support President Truman in the Presidential campaign of that year, and 12 to support Wallace. The unions represented by these 12 votes on the executive board were the following:

- Electrical Workers
- Mine, Mill and Smelter Workers
- Fur and Leather Workers
- United Public Workers
- Tobacco and Agricultural Workers
- Office and Professional Workers
- Furniture Workers
- Farm Equipment Workers
- American Communications Association
- Fishermen's Union
- Marine Cooks and Stewards

The New Leader, an alert and vigorous anti-Communist publication, had this to say on the above showing in its issue of Sept 4, 1948: "Without the Electrical Workers and the Longshoremen" (whose President, Harry Bridges, a well-known Party liner, was not present at the CIO executive meeting) "the grand total of the above unions does not exceed 50,000. As for actually delivering their vote for Wallace" (i.e., as to the actual Communist influence *in fact* in these unions) "the bulk of the Electrical Workers, the bulk of the Longshoremen, and the bulk of the other 50,000 may be exempted." And note that in 1948, while the Electrical Workers numbered several hundred thousand and the Longshoremen perhaps 30,000, the CIO unions as a whole numbered about 7½ million members!

9. These figures call attention to several noteworthy facts. 1) The CIO is by no means an exclusively and solidly Communist organization, as ill-advised observers, or avowed enemies of labor and the CIO have frequently charged. 2) When the rank and file of American workers really take an active interest in union affairs, they are able to weaken and break the Communist influence. The rank and file of American unionists are not Communist sympathizers; as was seen above (n. 36/7), Catholic workingmen constituted 50% of the total membership of American unions in the middle 1940's; they and the majority of American workers were not Communists or Communist sympathizers. 3) The apathy of the rank and file, together with the energy and skill of the Communists, is what accounts in most cases for Communist influence in American unions.

10. It is to be regretted, however, that the efforts of CIO rank and file members to nullify the Communist threat have not always nor often been recognized by people outside the CIO as they deserved. One of the front line attacks being made by the Communists in the United States during the decade 1935-45 was precisely on the labor union front, and most particularly in the CIO. The CIO union men, therefore, who struggled against Communist influence at union meetings and elections in the CIO, were in reality fighting a battle for American institutions, and defending all true Americans, right on the front line. Unfortunately, however, it happened all too often that such CIO men, after doing valiant work in the good fight against the Communists in CIO meetings and elections, and suffering the bitter blows involved in a conflict with such opponents, came out of their union meeting only to be denounced as Communists themselves for no other reason than because they belonged to a CIO union, and by persons who were in reality the beneficiaries of the efforts they had made within the CIO against Communist infiltration and domination, and against the general Communist attack on American institutions.

124. *In the anxiety of Our paternal solicitude, We give Ourselves to reflection and try to discover how it could happen that they should go so far astray and We seem to hear what many of them answer and plead in excuse: The Church and those proclaiming attachment to the Church favor the rich, neglect the workers and have no concern for them; therefore, to look after themselves they had to join the ranks of socialism.*

**Alleged
Reason**

1. *What many of them answer and plead in excuse.* According to the Pope, the *deserters* reason thus: The Church and leading church-members *favor the rich* by taking their side in labor disputes, giving them favorable comment in the Catholic press, etc. But *the Church and those proclaiming attachment to the Church neglect the workers and have no concern for them* by not doing anything to help them better their condition, and even attacking them as Communists for every effort they make to better their condition themselves; and since the real Communists take their part in labor troubles, give them societies and clubs to join, and urge them to act for their own welfare, the poor almost in self defense have to go over to the Communists.

2. Note two things about this alleged reason: first, the Pope does not say that it is the Communists who make these charges against the Church and church-members (although Communists do make them very often), but that they are the honest reasons given by misguided Catholic workingmen; and secondly, (as is evident from the Pope's words in the next paragraph) that while the charge is false as far as the Church herself is concerned, still, as regards *those proclaiming their attachment to the Church*, it has a very decided foundation in fact. See below (n. 137/5, 140/5).

125. *It is certainly most lamentable, Venerable Brethren, that there have been, nay, that even now there are men who, although professing to be Catholics, are almost completely unmindful of that sublime law of justice and charity that binds us not only to render to every one what is his but to succor brothers in need as Christ the Lord Himself,⁽¹⁾ and—what is worse—out of greed for gain do not scruple to exploit the workers. Even more, there are men who abuse religion itself, and under its name try to hide their unjust exactions in order to protect themselves from the manifestly just demands of the workers. The conduct of such We shall never cease to censure gravely. For they are the reason why the Church could, even though undeservedly, have the appearance of and be charged with taking the part of the rich and with being quite unmoved by the necessities and hardships of those who have been deprived, as it were, of their natural inheritance. The whole history of the Church plainly demonstrates that such appearances are unfounded and such charges unjust. The Encyclical itself, whose anniversary we are celebrating, is clearest proof that it is the height of injustice to hurl these calumnies and reproaches at the Church and her teaching.*

**True
Reason**

1. Note here in brief that the true reason why Catholic workers turn Communist is the conduct of those *proclaiming attachment to the Church*; but not that of the Church herself. In treating this the Pope does three things: first, describes the conduct of these alleged good church-members; secondly, gravely censures it as the true reason why the poor are driven to Socialism; and thirdly, justifies the Church against these charges.

2. *Men who . . . completely unmindful . . . exploit the workers . . . abuse religion . . .* The Pope enumerates three kinds of sins or crimes; first, against justice and charity in general; secondly, the sin of exploiting the laboring man for the sake of profits; and thirdly, the crime of appealing to religion for the justification of sins against the workingmen; for instance, by citing Scripture or Papal Encyclicals to show the workingman that he should be "content with his pay," etc., etc.

3. *Censure gravely . . .* Note here the stern and absolute manner of the wording of this condemnation of the sins of the rich, as contrasted with the kindness of the "invitation to return" which the Pope addresses to the workingmen in the next paragraph.

4. *Deprived of . . . their natural inheritance . . .* The Pope here is referring to an expression used in European countries to describe the propertyless poor, namely, "the disinherited." The basis of this expression is the doctrine which is also Catholic teaching, that every industrious man and woman in the world has a right to a share in the material things of the world as his "natural inheritance."

(1) Cf. St. James, Ch. II.

5. *The whole history of the Church . . .* In the days of the Apostles, the order of Deacons was established precisely to care for the poor; in the days of the persecutions, when the Romans asked for the Christian treasures, St. Lawrence the Martyr brought them the poor as the Church's treasures; in the Middle Ages, every monastery, every diocese, every priest had to set aside one-third of their excess revenues for the poor—this being known as the "patrimony of the poor." Throughout her history she has favored the foundation of religious orders of men and women to help the poor—such as the Sisters of Charity, the Little Sisters of the Poor, the Salesian Fathers and their work for poor boys, etc., etc.; also, societies of laymen like the St. Vincent de Paul Society, etc.

6. *The Encyclical itself, whose anniversary we are celebrating . . .* Leo XIII demands at the very outset of *RN*, n. 2(5), that some remedy be found, and quickly found, for the misery and wretchedness which press so heavily on the large majority of the very poor; he says, n. 23(42), that the Church's desire is that the poor especially rise above poverty and wretchedness, and better their condition in life; he says, n. 29(54), that the State should favor the poor in preference to the rich, for the reason that the richer classes have many ways of shielding themselves, and stand less in need of help from the State; if employers will not do the working-man justice otherwise, he says, n. 31-4(59-64), that the State must pass wage and hour laws, etc., and, n. 35(65), that the law should favor ownership, and its policy should provide opportunities for as many people as possible to become owners.

126. *Although pained by the injustice and downcast in fatherly sorrow, it is so far from Our thought to repulse or to disown children who have been miserably deceived and have strayed so far from the truth and salvation that We cannot but invite them with all possible solicitude to return to the maternal bosom of the Church. May they lend ready ears to Our voice, may they return whence they have left, to the home that is truly their Father's, and may they stand firm there where their own place is, in the ranks of those who, zealously following the admonitions which Leo promulgated and We have solemnly repeated, are striving to restore society according to the mind of the Church on the firmly established basis of social justice and social charity. And let them be convinced that nowhere, even on earth, can they find full happiness save with Him Who, being rich, became poor for our sakes that through His poverty we might become rich,⁽¹⁾ Who was poor and in labors from His youth, Who invited to Himself all that labor and are heavily burdened that He might refresh them fully in the love of His Heart,⁽²⁾ and Who, lastly, without any respect for persons will require more of them to whom more has been given⁽³⁾ and "will render to everyone according to his conduct."⁽⁴⁾*

(1) II Cor. VIII, 9.

(2) Matt. XI, 28.

(3) Cf. Luke XII, 48.

(4) Matt. XVI, 27.

1. About this invitation to return, note three things in general: first, the fact that whereas hitherto the Pope has been giving the Church's attitude to Communism, here he gives her attitude to Communists; secondly, the fact that this attitude is one of kindness; so much so, that it may be truly said of any Catholic activity, program, speech, or article dealing with Communists as distinct from Communism, that: if it is not kind, it is not Catholic; and thirdly, the fact that the workingmen are invited not merely to return and be at peace, but to return and do what they evidently want to do, namely, work for a better social order.

2. *In the ranks of those who . . . are striving to restore society . . .* They are the various groups singled out for praise in Chapter One of *QA*; such as the various charitable organizations, e.g., the St. Vincent de Paul Society; or social works, e.g., credit unions, Catholic Youth organizations; or workingmen's societies, especially such groups as the Association of Catholic Trade Unionists; or even those Catholics who singly or in groups support social legislation of benefit to the people, such as many of the policies of the New Deal.

Further Readings on Socialism

On *Tenets and Doubts*:

Norman Thomas, article *Socialism* in *New International Year Book*, 1933, and especially 1939. See also *ESS*, article *Socialist Parties*. Michel, *Christian Social Reconstruction*, Ch. X.

On *Socialist Education and Training*:

Communism in the United States (1937)—a survey by the N.C.W.C. Department of Social Action. *Isms, a Review of Alien Isms, Revolutionary Communism and their Active Sympathizers in the United States*: compiled by the National Americanism Commission of the American Legion, Indianapolis, Ind. Lyons, *The Red Decade* (Bobbs Merrill)—very good. The various reports of the Congressional Committee Investigation of Un-American Activities and Propaganda (the so-called Dies Committee, from Congressman Martin Dies, its first Chairman), 1939-46, present a good deal of information on Communism in the United States. At times, especially in the early investigations, this committee showed a too great willingness to accept without appraisal any charges against individuals or groups tending to show they were Communistic. Its later investigations and reports, however, supply some of the most complete information available on Communists and Communist dominated groups in the United States. The Report of March 29, 1944, for instance, might be called *The 1944 Who's Who of Communists and Fellow Travellers in the United States*. For although it is entitled *Report on the CIO Political Action Committee*, in reality it describes in considerable detail the background and activities of the most prominent red or left-wing individuals and groups in the United States at the time. A Report published May 29, 1946

also lists a great many Communists and Communist-dominated organizations, by name. (For an interesting and objective study of the Dies Committee itself, see Ogden, *The Dies Committee*, Catholic University, Washington, 1945). The periodicals *The Wage Earner* of Detroit, organ of the Association of Catholic Trade Unionists of that city, and *The New Leader* of New York, a Socialist or "Liberal" weekly, were outstanding in the middle 1940's for the information they supplied on Communist activities and organizations. *The Chicago Journal of Commerce* published an excellent series of articles during June and July, 1946, later reprinted in pamphlet form as the *Communist Fifth Column*, on Communists in labor unions, public life, and positions of importance in the country generally.

Chapter Three

A Renewal of Morals

127. *Yet, if we look into the matter more carefully and more thoroughly, we shall clearly perceive that, preceding this ardently desired social restoration, there must be a renewal of the Christian spirit, from which so many immersed in economic life have, far and wide, unhappily fallen away, lest all our efforts be wasted and our house be builded not on a rock but on shifting sand.*⁽¹⁾

**Introduction:
First Need is
Christian
Renewal**

128. *And so, Venerable Brethren and Beloved Sons, having surveyed the present economic system, We have found it laboring under the gravest of evils. We have also summoned Communism and Socialism again to judgment, and have found all their forms, even the most modified, to wander far from the precepts of the Gospel.*

**General
Reason**

129. *"Wherefore"—to use the words of Our Predecessor—"if human society is to be healed, only a return to Christian life and institutions will heal it."*⁽²⁾ *For this return alone can provide effective remedy for that excessive care for passing things that is the origin of all vices; and this alone can draw away men's eyes, fascinated by and wholly fixed on the changing things of the world, and raise them toward Heaven. Who would deny that human society is in most urgent need of this cure now?*

**Must be
Christian**

1. *The Christian spirit and the Christian life as taken here in n. 127 and n. 129 seem to be practically the same thing; and they mean*

(1) Cf. Matthew VII, 24 ff.

(2) Encyclical On the Condition of Workers, n. 41.

living in public and in the business world according to the *teachings* and *precepts* of the Catholic Church, as outlined by Leo XIII in *RN*, n. 14-21 (26-39); see above n. 17/2.

2. *Christian institutions*, moreover, may be grouped in three classes. First, there are what Leo XIII in *RN*, n. 22-24(40-45), (and see above n. 17/3), calls the "institutions of the Church,"—namely, her spiritual institutions, namely the sacraments, sacramentals, prayer, penance, as well as her institutions for the material well-being of men, such as Church laws, policies, societies, and religious orders devoted to the service of the poor. The second class of "Christian institutions" named seem to be what Pius XI himself called for above in treating of the reform of institutions, namely, proper State activity, (n. 78-80) as well as the organization of the "orders," (n. 81-87) and proper regulation of business activity, (n. 88-90). The third class is probably what Pius XI calls for in giving the Church's doctrine on property, capital and labor, wages,—namely, the proper way of doing things in connection with property, capital and labor, wages. Note that a *Christian institution* need not be necessarily a part of the Church herself; it also means an accepted way of doing anything in accord with Christian principles.

3. There are two reasons why human society will be healed only by a *return to Christian life and institutions*. The first is this: only the supernatural grace of God can reach, change, ennoble, and supernaturalize the selfish hearts of men and so heal society; and the Christian institutions of the sacraments, the sacramentals, prayer and penance are the God-given channels of this supernatural grace; as Leo XIII says in *RN*, n. 22(40), the sacraments and sacramentals are given by Jesus Christ Himself for the very purpose of reaching the hearts of men, and derive their efficiency from God. They alone can reach the innermost heart and conscience . . . etc. And the second reason, also given by Leo XIII in *RN*, n. 22(41) is this: an acceptance of Christian life and institutions healed society before, after the fall of the Roman Empire; therefore a return to Christian life and institutions can heal it again. Bad as conditions are today, they are hardly worse than when the Church began her work of the reconstruction of society about A.D. 500; and with the Popes leading the way today, the Church will once more accomplish "the reconstruction of the social order." And Pius XII in his "Pentecostal Address" of June 1, 1941, commemorating the fiftieth anniversary of *RN* declared: ". . . the inspired message of the Pope of *RN* sent forth a living and clear stream of strong social sense, sincere and interested in only one thing, the welfare of human beings; a stream which, if it be now partly perhaps covered by a landslide of divergent and overpowering events, tomorrow, when the ruin of this world hurricane is cleared, at the outset of that reconstruction of a new social order, which is a desire worthy of God and man, will infuse new courage and a new wave of exuberance and growth in the garden of human culture . . ."

4. Very likely this new work of *Christian renewal* will be a work of many years; but even centuries mean nothing to the Church; she is the one institution which is absolutely sure to go on living and working to the end of time.

5. Such long-term anticipation may be discouraging for people with a narrow, material outlook. For those, however, who share the courage and confidence of the Popes, it means: 1) no discouragement at the seeming absence of immediate results, but rather continued effort to apply the Papal program in the realization that every effort is a real step towards certain ultimate success; 2) the realization also that whole-hearted effort can and does hasten this success.

6. It may be asked how the economic troubles of the world can be cured by having people turn their backs on the world and *raise their eyes toward Heaven*, as the Pope advises. — And the answer is that the Pope does not demand that men actually “turn their backs” on *the changing things of the world*, but that they be freed, or free themselves, from the slavery of being *fascinated by and wholly fixed on them*; and that they do this by putting first things first; by fighting avarice, *the origin of all vices*; by judging earthly matters in the light of their heavenly destiny; that they “seek first the kingdom of God and His justice” in order that “all these things may be given them besides.”

Section 1. The Chief Form of Disorder in the Contemporary Regime: Loss of Souls

130. *Minds of all, it is true, are affected almost solely by temporal upheavals, disasters, and calamities. But if we examine things critically with Christian eyes, as we should, what are all these compared with the loss of souls? Yet it is not rash by any means to say that the whole scheme of social and economic life is now such as to put in the way of vast numbers of mankind most serious obstacles which prevent them from caring for the one thing necessary, namely, their eternal salvation.*

Chief Evil:
Occasions
of Sin

1. Note that according to the Pope the *chief evil* consists in this, that actual conditions in modern business make it extremely hard for men to save their souls. In other words, modern business abounds in the proximate *occasions of sin* against not only the Seventh Commandment, but against other Commandments as well, and also against the obligation of charity toward one's neighbor. Now Christ gave His Church the right and the obligation to help men in every age of the world in the work of avoiding the occasions of sin and of saving their souls. In the present age, when *the whole scheme of social and economic life* puts *most serious obstacles* in the way of *eternal salvation*, this commission of Christ means that the Church has the right and the duty to point out *the occasions of sin* in *the whole scheme of social and economic life*.

131. *We, made Shepherd and Protector by the Prince of Shepherds, Who redeemed them by His Blood, of a truly innumerable flock, cannot hold back Our tears when contemplating this greatest of their dangers. Nay rather, fully mindful of Our pastoral office and with paternal solicitude We are continually meditating on how We can help them; and We have summoned to Our aid the untiring zeal also of others who are concerned on grounds of justice or charity. For what will it profit men to become expert in more wisely using their wealth, even to gaining the whole world, if thereby they suffer the loss of their souls? ⁽¹⁾ What will it profit to teach them sound principles of economic life if in unbridled and sordid greed they let themselves be swept away by their passion for property, so that "hearing the commandments of the Lord they do all things contrary?" ⁽²⁾*

**Pope's
Concern**

1. Those who are concerned on grounds of justice to intervene in social and economic matters as the Pope means it here are the clergy—priests and Bishops. Of course the objection comes up at this point: "Why should it be matter of Justice for the Church to intervene here? The Church's business is to help people get to Heaven and keep out of hell; let her stick to that business, conducting Church services, etc., and leave social and economic matters alone."—And the answer is very plain: Exactly, it is the business of the Church to get people to Heaven and keep them out of hell; but it is not so much what people do at Church services on Sunday that is going to get them to Heaven, but rather what they do in their social and economic activities during the rest of the week,—at work and in business, in the shops and the office, in the union and the corporation. So if the Church really wishes to help people to Heaven and keep them out of hell, she is bound on grounds of justice to intervene in these matters, and point out when their arrangement is such as will lead to Heaven or to hell. Those concerned on grounds of charity are the laity, especially in the organizations of Catholic Action.

132. *The root and font of this defection in economic and social life from the Christian law, and of the consequent apostasy of great numbers of workers from the Catholic faith, are the disordered passions of the soul, the sad result of original sin which has so destroyed the wonderful harmony of man's faculties that, easily led astray by his evil desires, he is strongly incited to prefer the passing goods of this world to the lasting goods of Heaven. Hence arises that unquenchable thirst for riches and temporal goods, which has at all times impelled men to break God's laws and trample upon the rights of their neighbors, but which, on account of the present system of economic life, is laying far more numerous snares for human frailty.*

**Causes of
this Loss: Non-
Economic
Causes**

(1) Cf. Matt, XVI, 26.

(2) Cf. Judges II, 17.

Economic Causes: For Non-Workingmen: Instability of Economic Life	Since the instability of economic life, and especially of its structure, exacts of those engaged in it most intense and unceasing effort, some have become so hardened to the strings of conscience as to hold that they are allowed, in any manner whatsoever, to increase their profits and use means, fair or foul, to protect their hard won wealth against sudden changes of fortune. The easy gains that a market unrestricted by any law opens to everybody attract large numbers to buying and selling goods, and they, their one aim being to make quick profits with the least expenditure of work, raise or lower prices by their uncontrolled business dealings so rapidly according to their own caprice and greed that they nullify the wisest forecasts of producers. The laws passed to promote corporate business, while dividing and limiting the risk of business, have given occasion to the most sordid license. For We observe that consciences are little affected by this reduced obligation of accountability; that furthermore, by hiding under the shelter of a joint name, the worst of injustices and frauds are perpetrated; and that, too, directors of business companies, forgetful of their trust, betray the rights of those whose savings they have undertaken to administer. Lastly, We must not omit to mention those crafty men who, wholly unconcerned about any honest usefulness of their work, do not scruple to stimulate the baser human desires and, when they are aroused, use them for their own profit.
Unregulated Exchanges	
Limited Liability of Corporations	
Craze for Advertising	

1. Note that the "non-economic" causes of the loss of souls, according to the Pope, consist fundamentally in original sin and in what are called "the remains of sin"—i.e., inclinations to evil—or *the disordered passions of the soul*—which exist and have existed in every human being except Jesus Christ and His Immaculate Mother; and note also that whereas the Communists say that the fundamental cause of social ills is the "bourgeoisie mentality," and others say it consists in an evil money system, etc., the Pope here declares that it consists in *original sin*.

2. The Pope, speaking further of causes which affect non-workingmen, enumerates six situations or institutions in the business world which make unjust or unfair practices very easy, and thus easily lead those involved therein to eternal damnation,—which is the main concern and sorrow of the Pope. Note that the institutions and situations to which the Pope will refer are not things like highway robbery, burglary, embezzlement—which are openly and unmistakably unjust; rather, the institutions and situations here indicated are usually just the accepted ways of doing business, which might be all right in themselves, but which as generally applied, leave the way wide open for sin and damnation.

3. The first of these six situations or institutions is that general uncertainty and instability in modern business life which makes it almost necessary for those engaged in business to resort to injustice if they wish

to succeed (n. 132/4-11); the second is the ease with which the markets or exchanges can be manipulated, which manipulation necessarily involves injustice of some kind to other speculators and to producers (n. 132/12-26); the third is the freedom allowed to corporation directors by modern laws of incorporation, which make fraud and injustice to the general public and to stockholders very easy (n. 132/27-37); the fourth is the modern craze for advertising which opens the way to innumerable advertising "rackets" (n. 132/38-44); the fifth is the general absence of proper governmental control (n. 133/1-2); and the sixth is the fact that success seems to crown the efforts of the unscrupulous, which wins them many imitators (n. 134/1).

4. *The instability of business life.* This would seem to refer to the general uncertainties of business life in any age or locality, bringing on alternating "good" and "bad" times, and due to such things as the possibility of poor crops, accidents to managers, workers, or machinery; also human fears, mass psychology, and the like.

5. *And especially of its structure.* This structure is evidently the system of relations existing 1) between business competitors, and 2) between employers and employees. It is *unstable* because 1) the relations between business competitors are governed by ungoverned, killing competition, or else by a life and death struggle for monopoly; 2) the relations between employers and employees are those of warfare instead of collaboration. Note that since 1931, when *QA* appeared, the tendency in the United States under the New Deal has been towards a correction of this instability, especially of the economic structure.

6. As to the *instability* in the *structure* of business competition, business men, in order to succeed, are often almost forced to have recourse to what were known under the NRA—National Recovery Administration, 1933-35—as "unfair trade practices." Each of the "Codes of Fair Competition" under the NRA listed and banned a certain number of "unfair trade practices," which may be taken as examples of what the Pope is referring to here; for if they are not actually sinful practices, they are at least the occasion of sins against justice and fair-dealing. The Code of Fair Competition for the Wholesale or Distributing Trade, for instance, lists the following: 1) Inaccurate advertising; 2) False billing (e.g., billing a customer for a higher grade article than that actually delivered; or delivering the goods actually ordered but billing the customer for a lower grade and price, in order to cover up a special concession not generally offered); 3) Inaccurate labelling; 4) Inaccurate references to competitors; 5) Threats of lawsuits (e.g., unjustified lawsuits tending to harass competitors or intimidate their customers); 6) Secret rebates (promising and granting refunds or discounts to certain customers in a class in preference to others in the same class); 7) Bribing employees; 8) Interference with another's contracts with employees, customers, or sources of supply; 9) Forcing customers to buy certain goods as a prerequisite to the purchase of other goods; 10) Selling goods at wholesale prices to ultimate consumers to the disadvantage of retail merchants. Note that in practice under the NRA the banning of "unfair trade practices" was often abused to serve as a means to price fixing by groups of producers; still, taken by themselves, it is obvious that the "practices" listed are indeed "unfair," (and as

such constituted an occasion of sin for all engaged in those fields of business) by reason of the more immediate profits they seemed to offer to all who adopted them.

7. Among these unfair practices, commercial bribery is generally common; it has been conservatively estimated that it costs American business one billion dollars a year. Purchasing agents are bribed to buy for their firms from certain manufacturers; foremen and plant officials are bribed to demand certain products or machinery for their departments; employees are even bribed by rival firms to betray their own employers. People usually think of bribery as connected with politics, but it seems that it is found a great deal more in business than in politics.

8. It is sometimes claimed that commercial bribery is rendered licit by tacit agreement among business men; but still at every opportunity business men vigorously protest against the practice. In 1931, 29 different industries had officially risen against commercial bribery, and 16 States had outlawed it. In 1933-34, the Codes of Fair Competition under the NRA all outlawed "unfair trade practices." With the fall of the NRA, however, the attitude of a good many business men has become what it was before: "Anything for profit!" — or, as the Pope puts it, they *hold that they are allowed to increase their profits in any manner whatsoever*; this was brought out clearly in the Hearings of the TNEC 1938-41; also in the Hearings and Reports of the Wheeler Committee investigating railroads 1937-43.

9. As has been said, the trend in the United States since 1931 has been towards greater stability in the relations of capital and labor. For instance, in 1942, only one-twentieth of one per cent of the time of workers in war work was lost through strikes; and in 1943, less than one-fourth of one per cent. Many employers, too, have shown an increasing willingness to bargain in good faith with bona fide labor organizations.

10. Not all employers, however, have shown this much common sense and honesty. At the height of the war effort, for instance, early in 1944, the general manager of Montgomery Ward Co. in Chicago, a Mr. Sewell Avery, absolutely refused to give effective recognition to the union representatives of his workers, though the union had a clear majority in the plant; and when the dispute was taken to the War Labor Board and even to the President, Sewell Avery refused to obey even the law of the land or the rulings of its lawful agencies.

11. To show what this instability in labor relations meant in the 1930's, it may be said that the LaFollette Civil Liberties Committee, conducting an investigation of industrial spies, etc., for the United States Senate, disclosed that in the years 1933-36, many millions of dollars,—perhaps as high as eighty million dollars a year,—were spent by American firms for spies and war munitions against their own workingmen. Chrysler Corporation is definitely known to have spent two hundred and seventy-five thousand dollars for this purpose; Radio Corporation of America, more than a million; Remington Rand, almost a million; Bethlehem Steel, seventy-two thousand; and Republic Steel, seventy-four thousand. Twenty-five hundred firms, great and small, are known to have hired detectives to act as spies among their own workingmen to prevent union organization; no labor union, however small, seems to have been free from

these hired spies. At the South Chicago plant of the Republic Steel, under the anti-union Tom Girdler, on Memorial Day, 1937, striking workmen were gassed and shot in the back; eleven were killed and others permanently disabled. Similarly, in an unprovoked attack by police at the Massillon, Ohio, plant of Republic Steel on the workers, 3 workers were killed and many others injured. That this instability and class war constituted an occasion of sins of hatred, violence, and injustice is of course perfectly obvious.

12. About the "unregulated exchanges," or the *market unrestricted by any law*, note three things: first, by the very fact of mentioning them in this list, the Pope brands them as occasions of sin against justice and charity; secondly, he indicates here the general sinful acts they occasion, namely, *ungoverned speculation* (translated in the text here as *uncontrolled business dealings*); and thirdly, gives one reason why such speculation is sinful; namely, because it is unjust or unfair to *producers*.

13. The Pope, however, does not condemn the institution of stock markets altogether; although certain authorities, Catholic and non-Catholic, declare the institution to be productive of more harm than good to the community, he condemns only the unregulated or *unrestricted* exchanges.

14. It is true that when *QA* appeared, there actually were certain rules and regulations covering activities on some, at least, of the exchanges, which had been drawn up by the leading business men who were members of them. Pius XI, however, cannot be referring to this kind of regulation by the members themselves, since he declares that the markets are *unrestricted by any law*. Hence he must be demanding regulation by the government. This is also the doctrine of the Catholic Code of Social Principles, n. 130-3. Note that in the United States under the New Deal, the Securities Act of 1933, and the Securities Exchange Act of 1934, are attempts to fulfill this function of good government.

15. The Pope, moreover, completely disregards these regulations made by business men themselves because as a matter of fact they amounted to no regulation whatever,—at least as far as the "big operators" were concerned. This absence of genuine regulation is abundantly evident in the Report of the Senate Investigation of Stock Exchange Practices, published in 1934, and also in the Reports issued 1939-42 by the Wheeler Railroad Committee. Note too that the "big operators" are often the ones who most need regulation.

16. "Speculation" on the market means purchasing securities not with a mind to derive profit from their interest, but in the hope that the market will rise and that the securities can then be sold at a profit. The term "speculation" is used also to cover the device of "short selling." See below n. 132/22-4. Note that ninety per cent of all market operations are estimated to be speculative in character.

17. The 1934 Senate Investigation of Stock Exchange Practices uncovered a good many practices of *ungoverned speculation*, three of which may be treated here, namely: 1) pool operations, 2) short selling,—especially by directors, officials, and "insiders" of corporations, and 3) margin purchasing.

18. These practices may be sinful in two ways: first, by violating strict justice, or the strict rights of others,—a violation which binds the offender to restitution; and secondly, by violating social justice, or the common good.

19. A pool — or syndicate, or joint account — is an agreement between several persons to trade actively in a single security on the market. The SEP Report declares that by this trading activity of the pool or syndicate, "in all cases fictitious activity is intentionally created, and the purchaser is deceived by an appearance of genuine demand for the security." Of course, as a result of this deception, the manipulators sell at a high price; their sales again bring the market down, and they can then buy their securities back at a low price; and the general manipulation leaves them with their original stock, plus a neat but fraudulent profit.

20. Before the Securities and Exchange Act of 1934, such pool operations although fraudulent were not forbidden in the United States exchanges, and in the years 1929-33, more than two hundred stock issues throughout the country were subject to pool operations. Some of them are: American Tobacco, Bethlehem Steel, Chicago Milwaukee and St. Paul Railway, Crosley Radio, Gimbel Brothers, Montgomery Ward, Kroger Grocery, Reynolds Tobacco, Standard Oil of California, American Telegraph and Telephone, Shell Union Oil, Warner Brothers Pictures, Canada Dry, Hershey Chocolate, Coca-Cola, S. S. Kresge, Commonwealth and Southern Warrants, etc., etc.

21. By reason of the deception used to induce purchasers to buy securities, a pool operation is a sin against strict justice or against the strict rights of these purchasers, which binds to restitution just like any unfair deception of a buyer by a seller; and by reason of the unsettling of the market, or of the *prudent forecasts of producers* in general which results, it is a sin against social justice, or the common good.

22. The SEP Report defines short selling as "a device whereby the speculator sells stock which he does not own, anticipating that the price will decline and that he will thereby be enabled to 'cover' or make delivery of the stock sold, by purchasing it at the lesser price. If the decline materializes, the short seller realizes as a profit the differential between the sales price and the lower purchase or covering price."

23. Some market operators contended that short selling served to stabilize a declining market, and so served a good purpose; but the SEP Report seems to sustain the opinion that it "unsettles the market, forces liquidation, depresses prices, accelerates declines, and has no economic value or justification";—hence to the extent that this is true, it is a sin against social justice, or the common good.

24. The SEP Report says of short selling and similar practices: "Among the most vicious practices unearthed at the hearings . . . was the flagrant betrayal of their fiduciary duties by directors and officers of corporations who used their positions of trust and the confidential information which came to them in such positions, to aid them in their market activities." The official, for instance, gets "inside information" that the stock is about to decline; this information, of course, comes to him by reason of his position, and by the same token he is pledged to use it only

for the good of the firm; but the Senate Investigation "unearthed" instances of officials who used the information to "sell short" and employ other devious, or, as the Report says, "labyrinthine" manipulations for their own profit, and in violation of the strict rights in commutative justice of those stockholders whom they were pledged to protect. Some of the names mentioned in this connection in the Report are: Albert H. Wiggin (then chairman of the governing board of the Chase National Bank of New York), Harry F. Sinclair of Sinclair Consolidated Oil, William Fox of Fox Film Corporation, etc. And one of the Wheeler Railroad Reports (n. 25, part 24, page 20-1) describes an operation whereby the banking firm of Kuhn Loeb made a clear profit of \$2,700,000 in a few weeks time with the aid of the short selling device.

25. Margin purchasing is speculation in securities with borrowed money; the speculator deposits with a broker a comparatively small portion of the purchase price of the securities; the balance is supplied by the broker, who buys the securities. In case the market rises, they are sold and the speculator and the broker divide the profits; in case it goes down, the speculator has to supply the difference, or "cover his margin"; if he fails to do so, the broker takes over his original deposit, or "sells him out." Note that of all the trading in the United States between 1929 and 1933, about thirty per cent or more was "on margin."

26. The SEP Investigation shows that unregulated margin purchasing was generally against social justice: "These margin purchasers, while their speculations were uncontrolled, affected the national economy in a measure immensely disproportionate to their numbers. Their activities resulted in wide fluctuations in the price of securities, which ultimately imperiled the holdings of bona fide investors of every type." On the other hand, if the margin purchaser is not in a financial position to stand possible losses, he is failing against strict justice to his family and his honest creditors.

27. In speaking of "limited liability of corporations," the Pope here does two things: first, states the fact that the limited liability granted to corporations *by laws passed to promote corporate business* (see above n. 105/12 ff.) is actually an occasion of sin. Secondly, he indicates three ways in which sins are thereby occasioned: 1) by the vague and indefinite accountability in general; 2) by the shelter afforded by a corporate or joint name (in Italy such corporations are called "anonymous" firms, thus affording the shelter of anonymity); 3) by betrayal of trust on the part of corporation officials. Note the meaning of "limited liability." In such a company, the liability of the owners for the firms' losses is "limited," usually to the amount of the stock they own in the company. In partnership without limited liability, on the other hand, the partners or owners are each liable for all the losses of the company. In England, a limited liability firm is indicated thus: "Jones & Co., Ltd.," whereas in the United States it would be "Jones & Co., Inc."

28. The Pope, however, does not condemn limited liability companies altogether. He is only pointing out the fact that the institution of limited liability presents various occasions of sin. Note that since 1931, when *QA* appeared, laws have been passed in the United States with the effect of

reducing the extent of these occasions of sin, namely the Banking Act of 1933, the Securities Act of 1933, the Securities and Exchange Act of 1934, and the Public Utility Act of 1935.

29. *Reduced obligation of accountability . . .* This is evidently of two kinds: that of the officials of the corporation to the shareholders and to the general public; and that of all the members of the corporation to all outsiders—customers, competitors, and employees.

30. That the officials of a corporation are thus *little affected* is a matter evident to all who know anything about the workings of corporations, and is frequently commented upon. It is one of the reasons for the statement by close observers that "there is more graft in business than in politics." Politicians are subject to the constant scrutiny of the public and can be retired to private life; but directors of corporations which may number more shareholders than many a small town numbers citizens, are safe from any questioning or investigation of their acts.

31. As long as they get their dividends, shareholders too are *little affected* as to whether the company is charging its customers an unjust price, or unjustly crushing competitors, or paying unjust wages to its employees; although stockholders are partaking in ill-gotten gains if they take dividends on such business methods, and have at least the obligation of arousing sentiment against these practices.

32. *Hiding under the shelter of a joint name, the worst of injustices and frauds are perpetrated . . .* The holding company device affords the best opportunity for thus *hiding under the shelter of a joint name*, as was seen above n. 105/20 ff., and n. 107/3 ff. The Wheeler Railroad Committee's short reports, published 1939-41, are in many cases nothing but descriptions of particular *injustices and frauds perpetrated under the shelter of a joint name*, almost as though the reports were designed as illustrations of this part of the Encyclical. For instance, Report n. 25, part 23, describes how in 1930 the finances of the Wabash Railway, one of the Kuhn Loeb railways, were in desperate shape, and as a last resort the directors required three subsidiary railroads of the Wabash to declare dividends in its favor of \$1,758,819. One, the Ann Arbor, had never declared any kind of dividend in its entire history, and now, in the heart of the depression, it declared a dividend of 10 per cent on its preferred stock and 33 per cent on its common. Another, the New Jersey, Indiana, and Illinois, declared a 20 per cent dividend on its stock. The third, the Detroit and Western, declared dividends amounting to 260 per cent! As a result, practically the entire surplus and earnings of the Detroit and Western were wiped out; the Ann Arbor went bankrupt; and the New Jersey, Indiana, and Illinois would have gone bankrupt had not its bondholders agreed not to demand payment.

33. Another instance of *the worst of injustices and frauds* is described in Report n. 25, part 4. In 1930, transactions were begun whereby the Chesapeake and Ohio, a big railroad in the Van Sweringen system, acquired control of the Chicago and Eastern Illinois. "The initial transaction," the report says, "was kept secret from the general public, from investors, from the president of the railroad which was subjected to domination, and from the Interstate Commerce Commission—the government body in charge of such matters. In accomplishing this concealment

and this defeat of the law, many devices were used. A dummy contract was signed . . . a leading firm of New York Stock Exchange brokers appeared as a dummy purchaser . . . False reports were submitted to the government . . . Fake documents, including a promissory note which was not a promissory note, a purchase contract which was not a purchase, a dummy depository contract, and fake extending contracts, were drafted by leading financial and railroad lawyers and solemnly signed . . . This series of evasions . . . have continued from January 1930 to the present time (1939) . . . Among those who participated are . . . one of the biggest railroad holding companies and some of its chief executives" (Alleghany Corporation and the Van Sweringens); "one of the biggest and richest railroad corporations and some of its chief executives" (Chesapeake and Ohio and Herbert Fitzpatrick, vice president); "the biggest trust company in the United States, and its chief executive" (Guaranty Trust Co. of New York and William C. Potter); "one of the most important member firms of the New York Stock Exchange" (Paine, Webber, and Co.); "the principal private banking firm in the United States" (J. P. Morgan and Co.).

34. Another *injustice* in connection with joint stock corporations is that of "preferred lists." As the name indicates, it is the practice by investment bankers of issuing securities to only a selected few investors—at least at the outset of the issue, before the bulk of the securities are actually put on the market. The practice involves injustice in two ways: first, it is calculated to create a fictitious high value for the securities, so that if and when they are put on the public market, those on the preferred list can sell at a substantial profit; and secondly, it is calculated to put the preferred few under undue obligations to the investment bankers,—obligations which may well conflict with their duties to their own firms, or, if they are government officials, with their duties to the government. One of J. P. Morgan's preferred lists for the year 1933, published in the Congressional Record of December 20, 1937, contains among many others the following names: Calvin Coolidge, Newton Baker, William McAdoo, Bernard Baruch, Eugene Grace, John J. Raskob, Thomas Lamont, Charles E. Lindbergh, Owen Young, John J. Pershing, Alfred Sloan, Jr., Gerard Swope, O. P. Van Sweringen, Richard Whitney.

35. Still another *injustice* here is to be found in the excessive fees claimed and taken by investment bankers for their services in "underwriting" security issues. Mention was made above (n. 106/22) of the fee received by J. P. Morgan and Co. for underwriting the Van Sweringen's Alleghany Corporation,—namely, a third of a million dollars. This, however, was a trifling sum compared with other fees received by Kuhn Loeb and Morgan. According to the SEP Report, page 113, "the combined profits, commissions, and fees derived by Kuhn Loeb and Co. as a result of its connection with the Pennroad Corporation from July 22, 1929, to December 11, 1929, aggregated the approximate sum of \$5,840,000." And for its services in connection with the utility superholding company "United Corporation," J. P. Morgan and Co. received rights to stock which would have enabled them to realize a profit of over 68 million dollars. As the SEP Report says, page 115, "it is beyond belief that any form of

service an investment banker can render, entitles him to so stupendous a profit."

36. *Directors of business companies . . . betray the rights . . .* Two special instances of this may be given here, in addition to those already indicated; namely, private speculation with bank-stock by bank directors, and "dummy" corporation activities. Commercial bank officials, by reason of their position, are obliged and profess to handle the bank's funds only in the interests of the stockholders and the customers of the bank; they are forbidden by law to use the funds for purely speculative purposes. But they have circumvented the law and the investors' rights by forming what were called "investment affiliates" of the bank—often "dummy" corporations with only themselves and some insignificant individuals as members. These "investment affiliates" or dummy corporations then "borrowed" money from the bank with which the officials of the bank then speculated at great profit to themselves and to the disadvantage of the stockholders of the bank. This was the case with the United States Bank of New York: the bank finally went bankrupt, and the officials were convicted by a Criminal Court. Other banks mentioned in the Senate Report are the National City Bank and the Chase National Bank of New York.

37. The classical example of "dummy" corporation activities is the case of the Continental Trading Company of Toronto, Canada. In 1921, Col. Stewart, head of the Standard Oil of Indiana, Harry F. Sinclair, head of Sinclair Consolidated Oil, J. E. O'Neil, of Prairie Oil and Gas, and Harry M. Blackmer, of Midwest Refining Company, bought 33,333,333 barrels of crude oil for their companies. The seller of the oil got \$1.50 a barrel for it; but the buyers,—Standard Oil of Indiana, Sinclair, etc.—paid \$1.75 a barrel for it. The reason was because between the seller and the buyer, a "dummy corporation," the Continental Trade Company, had been created and set up by Stewart, Sinclair, O'Neil, and Blackmer, just for the purpose of buying the oil at \$1.50 a barrel, and then selling it immediately to the Standard Oil, Sinclair, Prairie Oil and Gas, and Midwest Refining Co. for \$1.75 a barrel. The difference between \$1.75 and \$1.50, multiplied by the thirty-three and a third million, went into the pockets of the four corporation officials who had set up the "dummy"; and it was paid by the corporations whose interests they were pledged to protect, and for whom they were supposed to be buying the oil.

38. As to the "craze for advertising," this is the general modern institution of advertising involving on the one hand the readiness of people to believe what they see in print or hear over the radio, and on the other the tendency of manufacturers and merchants to use the modern advertising facilities—newspapers, magazines, billboards, and the radio—not simply to acquaint the people of their wares, but even to stir up wants and sometimes base desires among the people.

39. The Pope here condemns explicitly certain advertisers who abuse the institution of modern advertising; and implicitly, in line with his thought throughout this section, he indicates that the institution of modern advertising is an occasion of sin for all advertisers. And the kinds of sin that may be occasioned are first, sins against chastity, as the Pope indicates

by his special condemnation of those who stir up *the baser human desires*; and secondly, sins against justice.

40. As to the sins against chastity, it is well to distinguish between things advertised, and methods of advertising. Instances of things advertised are: 1) Class C movies; 2) contraceptive devices; 3) obscene magazines, books, pictures; and 4) alleged "scientific" encyclopedias on sex, etc.—all of which are exactly what the Pope is condemning here—i.e., efforts to make easy money by rousing the people's passions. Instances of advertising mediums which involve sins against chastity are: 1) in general any advertisement featuring "sex-appeal," which, as a matter of fact, is used to advertise almost everything from cigarettes and candy bars to steamship travel; 2) in particular, the average daily paper and popular magazine—which, with striking inconsistency, will carry a pious editorial on one page denouncing sex crimes and, on another, print advertisements which only too easily stir up the *baser desires* which lead to such crimes.

41. The occasions of sins against justice are to be found in general in any "racket"—i.e., scheme for getting money under false pretenses—in the advertising field, whether on the part of the advertisers themselves or the advertising mediums.

42. Some of the more notorious rackets on the part of advertisers themselves are: 1) the claims made by the Welch Grape Juice Company that the Juice will reduce surplus fat, prevent anemia, etc., etc. The U.S. Federal Trade Commission found these claims false; and on May 28, 1937, brought the company to agree to discontinue them; yet in January, 1938, it was still at it. 2) The claim made that Fleischmann's Yeast is an adequate means of preventing colds, helping a "sagging stomach," "sluggish intestine," etc.; for the American Medical Association has banned it from its list of accepted foods. 3) Medicines such as Alka-Seltzer, so much advertised over the radio, which may not be actually pernicious, but are sold for a good price per bottle; whereas ordinary cooking soda, which has at least equal medicinal value with Alka-Seltzer, etc., can be bought for \$1.75 per hundred pound barrel. 4) The claims for Listerine that it can cure "halitosis" or bad breath, dandruff, and colds and sore throats. The Federal Trade Commission found all these claims false in 1940; but in 1944 it reversed this stand and dismissed the case against Listerine. This reversal does not necessarily mean, however, that Listerine can cure bad breath, dandruff, colds, and sore throats.

43. *Consumers' Report* is the monthly publication of "Consumers' Union," a non-profit organization in New York, which analyzes and rates commercial products for quality and price. It also publishes an annual *Consumers' Report Buying Guide*. There is also the similar organization "Consumers' Research," with its monthly *Consumers' Research Bulletin* and its *Annual Cumulative Bulletin*. Both these agencies do an invaluable work for consumers in debunking high-pressure advertising. In matters of general economic policies, however, there is this difference between them that the *Consumer Research Bulletin* and its *Cumulative Bulletin* stick to the original purpose of rating products for subscribers, whereas *Consumers' Report* goes out of its way to influence voters or the government. Indeed, the Editor of *Consumers' Report*, Arthur Kallet, is listed by the

Dies Committee Reports as having been closely associated with Communists in the United States.

44. Instances of rackets on the part of advertising mediums are any radio, newspaper, or magazine which solicits and carries advertising *wholly unconcerned* as to whether the object advertised is serving any truly honest and worthwhile purpose. Some glaring instances in particular are: 1) the magazine Good Housekeeping, which expressly claims that anything it advertises is "proved before it is approved"; but which nevertheless ran an advertisement of Welch's Grape Juice in December, 1937, and January, 1938, making claims for the Juice which had been condemned by the Federal Trade Commission 6 and 7 months before. 2) An advertisement for Fleischmann's Yeast, "Life Begins at 40," which by inference from paid testimonials promised success in life to people over 40 years of age who eat three cakes of Fleischmann's Yeast daily, was also carried about the same time by Good Housekeeping, Ladies' Home Journal, McCall's, Pictorial Review, and Woman's Home Companion.

133. *Strict and watchful moral restraint enforced vigorously by governmental authority could have banished these enormous evils and even forestalled them; this restraint, however, has too often been sadly lacking. For since the seeds of a new form of economy were bursting forth just when the principles of rationalism had been implanted and rooted in many minds, there quickly developed a body of economic teachings far removed from the true moral law, and, as a result, completely free rein was given to human passions.*

Absence of Due Governmental Control

1. Note that this paragraph contains another Papal condemnation of Economic Liberalism or Rugged Individualism.

2. The Industrial Revolution began in England about the year 1775, and with it came a *new form of economy*, or a new economic system, i.e., the capitalistic system; and about the same year 1775, the so-called French Rationalists, such as Voltaire and Rousseau, were spreading in many minds their theories of the absolute freedom and independence of every human being. In political life, these theories became the animating spirit of the French Revolution; and in economic life they fully coincided with the theory of "laissez-faire" or economic Liberalism or Individualism, which became the animating spirit of the Industrial Revolution and of Capitalism. And since this spirit demanded for every individual entire freedom from any interference or regulation on the part of religion or the State, it is easy to see how it resulted in giving *completely free rein* to human passions.

134. *Thus it came to pass that many, much more than ever before, were solely concerned with increasing their wealth by any means whatsoever, and that in seeking their own selfish interests before everything else they had no conscience about committing even the gravest of crimes against others. Those*

Success of the Unscrupulous

first entering upon this broad way that leads to destruction ⁽¹⁾ *easily found numerous imitators of their iniquity by the example of their manifest success, by their insolent display of wealth, by their ridiculing the conscience of others, who, as they said, were troubled by silly scruples, or lastly by crushing more conscientious competitors.*

1. The Pope says here that a very small minority of unscrupulous business men have been actually an occasion of sin for the honest ones. This fact was evident under the NRA; a few manufacturers who refused to comply with honest rules of fair competition were able to do business so cheaply that their success served as a real occasion for the others to follow their sinful example of "chiseling"—paying low wages, employing child labor, etc.

135. *With the rulers of economic life abandoning the right road, it was easy for the rank and file of workers everywhere to rush headlong also into the same chasm; and*

**Causes for
Workingmen:**

**Treated
Inhumanly**

all the more so, because very many managements treated their workers like mere tools, with no concern at all for their souls, without indeed even the least thought of spiritual things. Truly the mind shudders at the thought

of the grave dangers to which the morals of workers (particularly younger workers) and the modesty of girls and women are exposed in modern factories; when we recall how often the present economic scheme, and particularly the shameful housing conditions, create obstacles to the

**Causes in
Particular**

family bond and normal family life; when we remember how many obstacles are put in the way of the proper observance of Sundays and Holy Days; and when we reflect upon the universal weakening of that truly Christian sense through which even rude and unlettered men were wont to value higher things, and upon its substitution by the single preoccupation of getting in any way whatsoever one's

Conclusion

daily bread. And thus bodily labor, which Divine Providence decreed to be performed, even after original sin, for the good at once of man's body and soul, is being everywhere changed into an instrument of perversion; for dead matter comes forth from the factory ennobled, while men there are corrupted and degraded.

1. The Pope here indicates first in general that since employers often treat their workingmen inhumanly, it is not surprising that the workers come to live and act accordingly; and then in particular, he condemns 1) those modern factories which are an occasion of sin against good morals; 2) inadequate housing conditions as occasions of sin against family life; 3) requirements of employers which are the occasions of sins

(1) Cf. Matt. 7/13.

against the law of Sunday observance; 4) the general modern spirit which has occasioned the loss of the true Christian spirit. He then concludes by comparing the effects left on things and on men in modern factories; things are *ennobled*, but men *degraded*.

2. *Treated their workers like mere tools.* The glaring example of this injustice in the United States is the condition of Negro labor. Negroes are treated very often, and not only in the southern part of the country, as though they could not possibly be anything but manual laborers. Even some labor unions, especially AFL unions and railroad brotherhood unions, lend support to this injustice. For instance, 2400 firemen on railroad engines in the south have for a long time been denied promotion to the rank of engineer by an agreement between railroad managers and the Brotherhood of Locomotive Firemen and Enginemen. The CIO, however, has usually welcomed Negro membership on a basis of equality. One significant fact is that during a number of CIO conventions in northern cities in the early 1940's, the restrictions usually put on Negro admittance to local hotels and restaurants were lifted at least temporarily by the pressure of the CIO. To combat this injustice, President Roosevelt in 1941 set up the Fair Employment Practices Committee, and in May 1943 reorganized it with Msgr. Haas at its head until his nomination as Bishop of Grand Rapids in the fall of that year. In 1946, Congress was prepared to vote for a permanent FEPC, but the move was blocked by a filibuster conducted by southern Senators, especially Senator Bilbo of Mississippi.

3. Negroes, however, are not the only ones in the United States of whom it may be said that they are *treated like mere tools*. In many a modern assembly line factory, the workers are treated exactly *like tools*, and were it not for their unions, would be discharged as good for nothing when they get to the age of forty. The unions do a great good in protecting workers against this injustice, but the fact is that methods in modern factories often do take a terrible toll of the vitality of the workers. For instance there is the "speed-up," an arrangement by which workers have to keep on the job at an assembly line which is moving in front of them at a speed set for the whole line; or the "stretch-out," by which workers are given an excessive number of pieces of work to do.

4. Note that it is not the workers themselves, but those employers who treat the workers inhumanly, and the present economic scheme which makes victims of both employers and workers, that really place these occasions of sin.

5. Since the Pope speaks of the subject of *dangers to morals*, it should be noted that at least in the United States there are occasions of sin, created by unscrupulous business men, to the *modesty of girls* not only in factories but also, and perhaps especially, in business offices.

6. It is a strain upon the *family bond* when the wife and mother has to go out and work, as she must do at times because the husband's wages in the *present economic scheme* or system are insufficient to support the family; and it is an *obstacle to normal family life*, for instance, when young couples are forced to postpone marriage because the young man is unemployed or is not receiving enough wages to "get married on."

7. Overcrowded shacks and tenements are examples of *shameful housing conditions*; for even when they do not actually give rise to sick-

ness and vice, at least make family life miserable and lead to the children's leaving the family when still too young; also high rents, together with unemployment, etc., have occasioned much trouble for family life in the United States in recent years. Note that several projects of the New Deal in the United States, such as the United States Housing Authority, the Home Owners' Loan Corporation, and the Federal Housing Administration, are aimed at correcting *shameful housing conditions* in the United States.

8. As the Pope means it, *proper observance of Sundays and Holy Days* means attendance at Holy Mass and rest from manual labor; and his remark here would seem to be directed particularly against abuses in Catholic countries.

Further Readings on Causes of Loss of Souls

On the *Instability of Business Life*:

See especially the government reports: Wheeler Reports on Railroad Financing (1939-41), Report n. 25, Parts 1-27, and Report n. 26, Parts 1-2; TNEC Committee Report and Recommendations (1941) and Secretary's Report (1941); LaFollette Civil Liberties Committee Reports on the 1937 Chicago Memorial Day Incident (1938); on Industrial Espionage (1938); on Strikebreaking Services (1939); on Industrial Munitions (1939); on Private Police Systems (1939); on Labor Policies of Employers' Associations (1939-41), Part 1-4.

Also Flynn, *Graft in Business* (Vanguard).

On the *Unregulated Exchanges and Limited Liability*:

See the SEP (Stock Exchange Practices) Report, and Flynn, *Security Speculation* (Harcourt Brace); the book serves as a kind of elaboration on the report; also the Wheeler Reports on Railroad Financing.

Also Ryan *The Church and Socialism* (University Press, Washington, D. C.) p. 163 ff.; Berle and Means, *Modern Corporation and Private Property*, Book III, Chapter I; Cronin, *Economics and Society*, Chapter III and XIV-XV; Josephson, *Robber Barons* (Harcourt, Brace); Allen, *Lords of Creation* (Harper).

ESS articles, Stock Exchanges; Corporation; Speculation.

On the *Craze for Advertising*:

Besides the publications of the organizations "Consumers' Union" and "Consumers' Research" referred to in the text, see Lamb, *The American Chamber of Horrors* (Farrar and Rinehart); Morell, *Poisons, Potions, and Profits* (Knight); TNEC Committee Report, p. 439 ff.; and TNEC Secretary's Report, Ch. XV.

On the *Causes for the Workingmen*:

Haas, *Man and Society* (Appleton-Century), Ch. VIII; N.C.W.C. Social Action Series Pamphlets: — *Women in Industry*; Gilligan, *Negro Worker in Free America*; Haas, *Wages and Hours of American Labor*.

Section 2. Remedies

No. 1. Economic Life Should be Given Form and Shape
in Accordance with Christian Principles.

136. *No genuine cure can be furnished for this lamentable ruin of souls, which, so long as it continues, will frustrate all efforts to regenerate society, unless men return openly and sincerely to the teaching of the Gospel, to the precepts of Him Who alone has the words of everlasting life⁽¹⁾, words which will never pass away, even if Heaven and earth will pass away⁽²⁾. All experts in social problems are seeking eagerly a structure so fashioned in accordance with the norms of reason that it can lead economic life back to sound and right order. But this order, which We Ourselves ardently long for and with all Our efforts*

Introduction:
Return to
Gospel

How Animate
Economic Life
With Christian
Principles

promote, will be wholly defective and incomplete unless all the activities of men harmoniously unite to imitate and attain, insofar as it lies within human strength, the marvelous unity of the Divine plan. We mean that perfect order which the Church with great force and power preaches and which right human reason itself demands, that all things be directed to God as the first and supreme end of all created activity, and that all created goods under God be considered as mere instruments to be used only insofar as they conduce to the attainment of the supreme end. Nor is it to be thought that gainful occupations are thereby belittled or judged less consonant with human dignity; on the contrary, we are taught to recognize in them with reverence the manifest will of the Divine Creator Who placed man upon the earth to work it and use it in a multitude of ways for his needs. Those who are engaged in producing goods, therefore, are not forbidden to increase their fortune in a just and lawful manner;

Objections
Answered:
About
Profit Motive

for it is only fair that he who renders service to the community and makes it richer should also, through the increased wealth of the community, be made richer himself according to his position, provided that all these things be sought with due respect for the laws of God and without impairing the rights of others and that they be employed in accordance with faith and right reason. If these principles are

About
Getting Rich

observed by every one, everywhere, and always, not only the production and acquisition of goods but also the use of wealth, which now is seen to be so often contrary to right order, will be brought back soon within the bounds of equity and

(1) Cf. John VI, 69.

(2) Cf. Matt. XXIV, 35.

just distribution. The sordid love of wealth, which is the shame and great sin of our age, will be opposed in actual fact by the gentle yet effective law of Christian moderation which commands man to seek first the Kingdom of God and His justice, with the assurance that, by virtue of God's kindness and unfailing promise, temporal goods also, insofar as he has need of them, shall be given him besides.⁽¹⁾

**Good Results
Of Divine
Plan**

1. In the previous section the Pope had described the chief evil of the modern business world: namely, the fact that because of original sin, the accepted business procedure amounts to an *occasion of sin* and is consequently, an occasion of the *loss of immortal souls*; here he gives the *remedies* for this evil. In particular, after a short introduction on the necessity of a return to the teachings of the Gospel, he points out two general remedies: first, animating economic life with Christian principles; and second, applying the law of charity.

2. As is evident from what the Pope says, these *remedies* will not only have the effect of keeping men out of the occasions of sin, but they will also keep them out of economic troubles and depressions, and help them to attain economic prosperity. In other words, they will change economic life from an occasion of sin and damnation to a means of getting to Heaven; and from an occasion of economic depression to a means of general prosperity.

3. Perhaps the most significant of the *words of everlasting life*, or *precepts of Christ* referred to in the introduction are these: "Seek first the kingdom of God and His justice, and all these things shall be given you besides." As to how this seeking of the kingdom of God in economic matters is to be done in particular, perhaps *RN* gives the best summary, under the headings: "Teaching, Precepts, Institutions of the Church," n. 14-24(26-45).

4. In saying that the *words of Christ will never pass away*, the Pope is giving an answer to the frequent objection that "Christianity has failed." It is not Christianity or the Church or the Popes who have failed. As has been seen throughout this Encyclical, the Popes have striven "in season and out of season" to bring the *words of Christ* before the world. It is the world which has failed to heed the meaning of the words of Christ as urged by the Popes.

5. *A structure so fashioned . . . that it can lead economic life back to sound and right order . . .* The Pope is here referring to the idea of "rationalization" of economic life as used by various economists, statesmen, and writers after World War I. According to them, it meant efficiency and good management in economic life, and sometimes even the setting up of business cartels. But as the Pope uses it here, it means the making of collective contracts between labor and capital, the setting up of codes of fair competition, and proper government regulation of stock exchanges, of corporations, of advertising methods, etc.—as called for by some of the specific evils described in the previous section; see n. 132 and n. 110. Ultimately, it means the setting up of the system of the "orders" described above, n. 81-87.

(1) Cf. Matt. VI, 33.

6. The *divine plan* in general is God's will for men in regard to economic matters: what God wants them to think about the things of this world; how He wants them to act about them; and the means He wants them to use in order to be able to think and act in this way. In other words, this *divine plan* is what is outlined in the "teachings, precepts and institutions" of the Church as laid down, or *preached with great force and power* by Leo XIII in *RN* and developed by Pius XI in *QA*.

7. *Right human reason itself* demands this *perfect order* because right reason shows that there is a Supreme Lord and Lawgiver of the world, whose will must be followed in all worldly activities if men are to achieve even material success.

8. The first objection the Pope answers here is this: "What becomes of the profit motive as business incentive in this divine plan?" The second is: "Will it not be wrong to try to get rich under this divine plan?"

9. He answers the first one by showing that the very reason why the Creator put men on earth was to work it for their own needs, advantage, or profit, to the end that they may save their souls. Note here two things: first, the reference which the Pope is evidently making to the Holy Bible—Genesis 1/28,—where God said to Adam and Eve: "Increase and multiply, and fill the earth, and subdue it, etc.," and Genesis 3/23: "The Lord God sent him (Adam)—to till the earth, etc." And secondly, the connection between this explanation of the profit motive, and the Pope's doctrine given above in the section on private property, about the individual and social aspects of private property; namely, that it is given to man by nature, or the Creator Himself, in order that men may have a way of providing for themselves and their families, as well as advancing the general welfare in an orderly manner.

10. The Pope answers the second objection by showing that it is not wrong, but right, that those who help make the country wealthier should become wealthier themselves. And note here also two things: first, the connection between the answer given here by Pius XI and what Leo XIII says in *RN* n. 27(51), about the workingmen, namely, that their labor is the only source from which the wealth of nations originates, and that hence the workingman has a special claim on the good things which the community supplies. The second noteworthy thing is this, that Pius XI here makes a distinction between the *acquisition* and the *use* of property, just as he did above when speaking about the obligations connected with property, n. 47.

11. Note the two good results which the Pope says will follow upon the adoption of the divine plan: first, instead of the unequal distribution of property, there will be a true, honest system of "share the wealth," both in the way in which it is acquired and in the way it is used; and secondly, instead of greed, the standard by which men will measure their need of earthly goods will be God's will, as manifested in the *law of Christian moderation*.

12. Note here again the distinction between the acquisition and the use of property, as above in the section on Ownership. As regards God's plan for sharing new wealth in its very *acquisition*, Pius XI has already developed this point in the sections on Capital and Labor, the Redemption of the Non-owning Working Class, and Just Wages and Salaries. As regards God's plan for sharing the wealth in the manner of its *use*, he has

spoken of this in the section on the Obligations Connected with Superfluous Income, above n. 50-1.

No. 2 The Role of Charity

137. *But in effecting all this, the law of charity, "which is the bond of perfection,"⁽¹⁾ must always take a leading role. How completely deceived, therefore, are those rash reformers who concern themselves with the enforcement of justice alone—and this, commutative justice—and in their pride reject the assistance of charity! Admittedly, no vicarious charity can substitute for justice which*

What Charity Cannot Do

is due as an obligation and is wrongfully denied. Yet even supposing that everyone should finally receive all that is due him, the widest field for charity will always remain open. For justice alone can, if faithfully observed, remove the causes of social conflict but can never bring about union of minds and hearts. Indeed all the institutions for the establishment of peace and the promotion of mutual help among men, however perfect they may seem,

Necessity Of Charity

have the principal foundation of their stability in the mutual bond of minds and hearts whereby the members are united with one another. If this bond is lacking, the best of regulations come to naught, as we have learned by too frequent experience. And so, then only will true cooperation be possible for a single common good when the constituent parts of society deeply feel themselves members of one great family and children

In What Charity Consists

of the same Heavenly Father; nay, that they are one body in Christ, "but severally members of one another,"⁽²⁾ so that "if one member suffers anything all the members suffer with it."⁽³⁾ For then the rich and others in positions of power will change their former indifference toward their poorer brothers into a solicitous and active love, listen with kindness to their just demands, and freely forgive their possible mistakes and faults. And the workers, sincerely

Resultant Conduct Of Rich

putting aside every feeling of hatred or envy which the promoters of social conflict so cunningly exploit, will not only accept without rancor the place in human society assigned them by Divine Providence, but rather will hold it in esteem, knowing well that everyone according to his function and duty is toiling usefully and honorably

Resultant Conduct Of Workers

for the common good and is following closely in the footsteps of Him Who, being in the form of God, wished to be a carpenter among men and be known as the son of a carpenter.

(1) Col. III, 14.

(2) Rom. XII, 5.

(3) I Cor. XII, 26.

1. What the Pope means by *charity* here is not what people usually associate with the word "charity"; that is, it is not just the benevolent and generous bestowal of alms upon the poor, but, on the contrary, a profound and intimate conviction that all, rich and poor alike, are brethren in one and the same human family, together with a manner of acting based on this conviction.

2. The Pope says that charity cannot supply for justice *that is due as an obligation and is wrongfully denied*. That is, if workingmen are denied their natural right to form and join unions, or refused a just wage, or forced to labor under inhuman conditions, no works of philanthropy, such as the building of libraries, the support of "community chests," etc., can make up for the denial of the things unjustly withheld.

3. The Pope's doctrine on the necessity of charity may be put into this formula: "Justice first, charity always." And charity is always necessary, he says, for two reasons: first, because without it there will be no union of minds and hearts; that is, there will be only distrust, suspicion, envy, selfishness, which will always be likely to cause trouble; and secondly, because without it, as a matter of ordinary experience and observation, plans which seem otherwise very good, always fail.

4. Note here that the Pope is warning people against thinking that any plan whatever—complete unionization, as advocated by the CIO, or money reform as once advocated by Fr. Coughlin, or even the formation of the system of the "orders" advocated by the Pope himself—will succeed unless it is accompanied and animated by this spirit of brotherliness and charity.

5. Nor is this spirit of charity, this family spirit in business, a hopeless ideal; for there are actually some industries—such as the pottery industry, the railroad industry, the newspaper printing industry;—and some firms—such as Geo. A. Hormel & Co., of Austin, Minn., the Nunn-Bush Shoe Co., or the Joslyn Manufacturing and Supply Co.,—in which such a spirit actually is to be found, and in which employers and workingmen actually seem to have the sentiments here described by the Pope. It is a sad fact that few Catholic industrialists have distinguished themselves in this regard. The late Col. Patrick Callahan, of the Louisville Varnish Co., is the only one who was fairly well known.

Further Readings on Remedies

Dempsey-Nell-Breuning, o.c., ch. XVII; Haas, *Thinking out a Catholic Industrial Program* (N.C.W.C. pamphlet); Cooke and Murray, *Organized Labor and Production* (Harper); Archbishop Mooney, *Industry's Great Need, Cooperation not Competition* (N.C.W.C. pamphlet).

Section 3. Hopes for the Future

138. *Therefore, out of this new diffusion throughout the world of the spirit of the Gospel, which is the spirit of Christian moderation and universal charity, We are confident there will come that longed-for and full restoration of human society in Christ, and that "Peace of Christ in the Kingdom of Christ," to accomplish which, from the very beginning of Our Pontificate, We firmly determined and resolved within Our heart to devote all Our care and all Our pastoral solicitude;⁽¹⁾ and toward this same highly important and most necessary end now, you also, Venerable Brethren who with Us rule the Church of God under the mandate of the Holy Ghost,⁽²⁾ are earnestly toiling with wholly praiseworthy zeal in all parts of the world, even in the regions of the holy missions to the infidels. Let well merited acclamations of praise be bestowed upon you and at the same time upon all those, both clergy and laity, who We rejoice to see, are daily participating and valiantly helping in this same great work, Our beloved sons engaged in Catholic Action, who with a singular zeal are undertaking with Us the solution of the social problem insofar as by virtue of her divine institution this is proper to and devolves upon the Church. All these We urge in the Lord, again and again, to spare no labors and let no difficulties conquer them, but rather to become day by day more courageous and more valiant.⁽³⁾ Arduous indeed is the task which We propose to them; for We know well that on both sides, both among the upper and the lower classes of society, there are many obstacles and barriers to be overcome. Let them not, however, lose heart; to face bitter combats is a mark of Christians, and to endure grave labors to the end is a mark of them who, as good soldiers of Christ, ⁽⁴⁾ follow Him closely.*

Introduction:
Holy Father's
Hopes and
Efforts

Helpers
Enumerated

Helpers
Exhorted

An Arduous
Task

But Christian
Courage

1. Here note two things: first, the Pope's extraordinary optimism about the future success of the Christian program in fulfilling the eager longings of the world for better days to come; and secondly, the fact that the *full restoration* (or reconstruction) of *society in Christ* is similar to if not the same as the *peace of Christ in the reign of Christ*,—which was the motto chosen by Pius XI for his pontificate.

2. *Catholic Action* is the activity of laymen collaborating with priests

(1) Encyclical *Ubi Arcano*, Dec. 23, 1922.

(2) Cf. Act. XX, 28.

(3) Cf. Deut., XXXI, 7.

(4) Cf. II Tim. II, 8.

and Bishops and Pope in their spiritual work of saving souls; and one part of that work is *the solution of the social problem*—i.e., of employer-employee relations, of business competition, of business and government relations; for such problems today present serious obstacles to the salvation of souls.

139. Relying therefore solely on the all-powerful aid of Him "Who wishes all men to be saved,"⁽¹⁾ let us strive with all our

Motives: Help of God	strength to help those unhappy souls who have turned from God, and drawing them away from the temporal cares in which they are too deeply immersed, let us teach them to aspire with confidence to the things that are eternal. Sometimes this will be achieved much more easily than seems possible at first sight to expect. For if wonderful spiritual forces lie hidden, like sparks beneath ashes, within the secret recesses of even the most abandoned man—certain proof that his soul is naturally Christian,—how much the more in the hearts of those many upon many who have been led into error rather through ignorance or environment.
---	--

1. Soul . . . naturally Christian . . . The Pope takes this thought from the early Christian writer Tertullian, who in one of his books (the "Apologia," chapter 17), states that the pagans themselves, in spite of their many gods, naturally turned to the God of the Christians; as was evident, among other things, from their habit of using expressions like "Great God," "Good God," "God grant," etc.

140. Moreover, the ranks of the workers themselves are already giving happy and promising signs of a social reconstruction. To Our	soul's great joy, We see in these ranks also the massed companies of young workers, who are receiving the counsel of Divine Grace with willing ears and striving with marvelous zeal to gain their comrades for Christ. No
---	---

Good Signs: Young Catholic Workers	less praise must be accorded to the leaders of workers' organizations who, disregarding their own personal advantage and concerned solely about the good of their fellow members, are striving prudently to harmonize the just demands of their members with the prosperity of their whole occupation and also to promote these demands, and who do not let themselves be deterred from so noble a service by any obstacle or suspicion. Also, as any one may
---	--

And Unselfish Leaders	see, many young men, who by reason of their talent or wealth will soon occupy high places among the leaders of society, are studying social problems with deeper interest, and they arouse the joyful hope that they will dedicate
-------------------------------------	---

themselves wholly to the restoration of society.

1. Note the three signs of coming social reconstruction given by the Pope: first, the fact that Catholic young men in *massed companies* are doing zealous Catholic work as members of labor unions; second, the fact that the heads of many labor unions are working with unselfishness and

(1) I Tim. II, 4.

prudence for the welfare of the workers and of society; and third, the fact that young men of talent or wealth are devoting special study to social matters, i.e., by frequenting courses on Sociology or Economics in Universities, etc.

2. . . . *The massed companies of young workers* . . . This refers especially to the J. O. C.—Jeunesse Ouvrière Chrétienne—inaugurated in Belgium by Canon Joseph Cardijn before World War I, and formally set up as the J.O.C. in 1925. A little later, in 1929, the organization sent a pilgrimage to Rome made up of 1,500 of the members. By 1938 it had spread to France, Holland, Luxembourg, Portugal, Spain, Czecho-Slovakia, Canada, South America, Australia, and Africa; in 1946, it was to be found in 24 countries, and had a total membership of about 650,000. In 1939 it had 50,000 members in Canada alone. It had sections for young Catholics, men and women, who were working in industry, farming, shipping, as well as for Catholic students at colleges and universities. In the United States, Canada, England and Australia the movement was called Young Christian Workers—YCW.

3. The main work of the J. O. C. (or the YCW) may be expressed in the words of Pius XII, speaking to the members of Italian Catholic Action on Sept 4, 1940: "The return of Christ to the consciences, to the homes, to public life, to the relations between social classes, to civil order, and to international relations." The J. O. C. with its allied groups attains this end in an outstanding way precisely by what it calls the technique of "specialization"—the making of each person an apostle of Christ in the social milieu in which the Lord has placed him. Its success in this "specialization," in fact, led Pius XI to declare, in a letter to Cardinal Van Roey of Malines, Belgium, August 18, 1935, that the J. O. C. is "the standard type of Catholic Action."

4. *Leaders of workers' organizations* . . . Besides the leaders, priests and laymen, of the J. O. C., this would seem to be a reference to the work of the heads of the International Federation of Christian Trade Unions in Europe. It also applies to any head of a labor union in any country who unselfishly and prudently works for the welfare of the union members and the good of all society, despite opposition and suspicion. Note that the Pope does not limit his praise to *Catholic* heads of unions.

5. Very significant here is the Pope's mention of the *noble service* of these union leaders; and still more so, his mention of *obstacles or suspicions*. It is quite clear that the idea he wishes to convey is this: the Holy See knows very well that the heads of labor unions are all too frequently labelled Communists by the wealthy, and therefore have many difficulties put in their way; but the Holy See also recognizes that this opposition is often unjust, and hence instead of opposing unselfish and prudent union leaders, gives them its praise and sees in their efforts a *happy and promising sign of social reconstruction*.

6. After the Pope had praised workingmen in the unions, and heads of labor unions, it might have been expected that he would balance things by saying a word in praise of the rich and of the heads of industry. The fact that he omits to do so is highly significant. This omission cannot be anything but deliberate, and the reason must be that in 1931 he could discern no activity, at least no Catholic leadership, among industrialists which could be taken as a sign of coming social reconstruction; the only

hopeful sign in this direction lay in the interest which *young men* of the middle and upper classes were taking in the social question, especially by the interest shown in courses in Sociology at colleges and universities. It should be added, however, that since 1931 there has been a growing number of Catholic "small businessmen"—employing up to 100 workers—in the United States, eager to discover the Catholic social program required of them, and to put it into practice.

Further Readings on Hopes for the Future

On Catholic Action and the JOC in particular, the following works may be cited out of the wealth of literature on the subject:

Fitzsimons and McGuire, *Restoring All Things*; and van der Meersch, *Fishers of Men* (both Sheed and Ward); and two magnificent pastoral letters, one of Archbishop Charbonneau of Montreal, *Catholic Action*, the other of Cardinal Suhard of Paris, *Growth or Decline? The Church Today* (both published as pamphlets by Fides Publishers, South Bend and Montreal); Ferree, *Introduction to Catholic Action* (Youth Department, NCWC, Washington, D. C.); Geissler, *Training of Lay Leaders*; and Tiberghien-Putz, *Apostles of the Front Lines* (both Fides Publishers).

Section 4. The Way to Proceed

141. *The present state of affairs, Venerable Brethren, clearly indicates the way in which We ought to proceed. For We are now confronted, as more than once before in the*

**Choose Lay
Leaders**

history of the Church, with a world that in large part has almost fallen back into paganism. That these whole classes of men may be brought back to Christ Whom they have denied, we must recruit and train from among them, themselves, auxiliary soldiers of the Church who know them well and their minds and wishes, and can reach their hearts with a tender brotherly love. The first and immediate apostles to the workers ought to be workers; the apostles to those who follow industry and trade ought to be from among themselves.

1. Note two things about the Pope's reference to the modern world *in large part fallen back into paganism*. First, he is comparing the world today to what it was when Christ sent forth His Apostles with the words: (Mt. 28/19) "Go, therefore, and make disciples of all nations"; and is calling for a new evangelizing or Christianization of the world—of "all nations." And secondly, the fact that he is implicitly declaring that this evangelization of the world will be the surest way of bringing material prosperity.

142. *It is chiefly your duty, Venerable Brethren, and of your clergy, to search diligently for these lay apostles both of workers and of employers, to select them with prudence,*

**Train
Seminarists**

and to train and instruct them properly. A difficult task, certainly, is thus imposed on priests, and to meet it, all who are growing up as the hope of the Church, must be duly prepared by an intensive study of the social question. Especially is it necessary that those whom you intend to assign in particular to this work should demon-

strate that they are men possessed of the keenest sense of justice, who will resist with true manly courage the dishonest demands or the unjust acts of anyone, who will excel in the prudence and judgment which avoids every extreme and, above all, who will be deeply permeated by the charity of Christ, which alone has the power to subdue firmly but gently the hearts and wills of men to the laws of justice and equity. Upon this road so often tried by happy experience, there is no reason why we should hesitate to go forward with all speed.

1. Note here two things: first, the fact that the Pope is talking about a new kind of pastoral labor for the Bishops and priests; and secondly, the fact that he is making it a definite obligation of Bishops and priests.

2. Pius XI enumerated the various activities of this new pastoral labor in Chapter One of *QA*, speaking of the Benefits Due to *RN*, (supra n. 23-4 ff.). Some of the activities of Bishops and priests which he enumerated and praised are: founding of social courses at universities and colleges, promoting social conventions, study clubs, periodicals, etc.; founding cooperatives of various kinds; taking part in drafting public laws, and watching over their administration; founding labor unions, etc.

3. And all this is really a new kind of pastoral labor for Bishops and priests: the Pope himself has often referred to it as such. For instance, in 1928, he declared to a group of priests: "No indeed, the pastoral theology of former days is not sufficient any more." And in the Encyclical on Atheistic Communism, n. 62, he says: "We are happy to voice Our paternal approval of the zealous pastoral activity manifested by so many Bishops and priests who have with due prudence and caution, been planning and applying new methods of apostolate more adapted to the modern needs."

143. *These Our Beloved Sons who are chosen for so great a work, We earnestly exhort in the Lord to give themselves wholly to the training of the men committed to their care, and in the discharge of this eminently priestly and apostolic duty to make proper use of the resources of Christian education by teaching youth, forming Christian organizations, and founding study groups guided by principles in harmony with the Faith. But above all, let them hold in high esteem and assiduously employ for the good of their disciples that most valuable means of both personal and social restoration which, as We taught in Our Encyclical, Mens Nostra,⁽¹⁾ is to be found in the Spiritual Exercises. In that Letter We expressly mentioned and warmly recommended not only the Spiritual Exercises for all the laity, but also the highly beneficial Workers' Retreats. For in that school of the spirit, not only are the best of Christians developed but true apostles also are trained for every condition of life and are enkindled with the fire of the heart of Christ. From this school they will go forth as did the Apostles from the Upper Room of Jerusalem, strong in faith, endow-*

**Train Lay
Leaders**

(1) Encyclical *Mens Nostra*, Dec. 20, 1929.

ed with an invincible steadfastness in persecution, burning with zeal, interested solely in spreading everywhere the Kingdom of Christ.

1. *Make proper use of the resources of Christian education by teaching youth . . .* Evidently the Pope means that this training of lay leaders is to be begun in the schoolroom (in the United States with the help of the teaching Sisters), by courses in Catholic social doctrine,—especially, it would seem, for high school and college students.

2. *By Christian organizations* here the Pope evidently means not only the strictly Christian societies, such as the St. Vincent de Paul Society, the Holy Name Society, etc., but also various societies for the material benefit of the members, conducted under Christian auspices,—such as the societies he praised in Chapter One of this Encyclical (n. 24), “works of beneficence and charity,” and “cooperative societies,”—such as the ACTU, the CYO, Parish Credit Unions, and cooperatives of various kinds.

3. Mention may be made here again of the publications of some of these *Christian organizations* in the United States in 1948: *The Labor Leader*, published by the ACTU in New York; *The Wage Earner*, by the Detroit ACTU; *Work*, by the Catholic Labor Alliance in Chicago; and *Crown Heights Comment*, by the Crown Heights School of Catholic Workmen, Brooklyn. These publications admirably fulfill the prescriptions of the Encyclical on Atheistic Communism, n. 56: “In this renewal the Catholic Press can play a prominent part. Its foremost duty is to foster in various attractive ways an ever better understanding of social doctrine. It should, too”—(note this carefully)—“supply accurate and complete information on the activity of the enemy”—(*The Wage Earner*, *Labor Leader*, and *Crown Heights Comment* have been especially good at furnishing such information)—“and the means of resistance which have been found most effective in various quarters. It should offer useful suggestions and warn against the insidious deceptions with which the Communists endeavor, all too successfully, to attract men of good faith.”

4. Another *Christian organization* which deserves mention here is *The Catholic League for Social Justice*, initiated in 1932 by Michael O’Shaughnessy of New Canaan, Connecticut, (later of Emmitsburg, Maryland). It is an *organization* only in the wide sense, for the only requirement for membership is that a Catholic make privately the following resolution: “I resolve to inform myself on Catholic doctrine on social justice, to conform my life to its requirements, and to do everything in my power, in my home and religious life, in my social and business contacts, to promote its principles. Realizing that I cannot keep this resolution faithfully without divine help, I further resolve, as nearly as possible to hear Holy Mass twice a week (once besides Sunday), and daily if possible; and to receive Holy Communion at least once a month and weekly, if possible, to attain social justice in the United States.” By 1944 the League had received the approval of Bishops in practically every State in the Union, and even beyond the United States. Until 1945 the League also had a small quarterly publication, *The Social Justice Bulletin*, edited quarterly and prepared in its entirety by Michael O’Shaughnessy.

5. *Founding study groups . . .* This meeting of people to study and discuss problems of common interest is gaining in general practice; Communists use it extensively to master the doctrine of their leaders. It has also

been tried with success by various priests of the United States as a means of instructing workingmen in Catholic social doctrines, and also in the principles of parliamentary law. The reason for including parliamentary law is shown by the way Communists specialize on this point, and their mastery of it is often the main reason why a small group of Communists can run the meetings of labor unions and elect the officers of those unions as they please. To combat effectively the Communists in labor union meetings, it is necessary that the Catholic workingmen know the principles and practice of parliamentary law. The best known of these study groups in the United States in the early 1940's have been 1) the Crown Heights School of Catholic Workmen, under its Director, Rev. Wm. J. Smith S.J., in Brooklyn; 2) the schools conducted in the Hartford diocese under Rev. Jos. Donnelly; and 3) those in New York City under Rev. John P. Monaghan and the ACTU. These schools have also existed in many other cities. In 1946, according to a survey conducted by Rev. George Higgins of the Social Action Department of the N.C.W.C., such schools were to be found in connection with 12 Jesuit Colleges throughout the country; besides, the ACTU was sponsoring 20 of them in New York City; the Hartford (Conn.) Diocesan Labor Institute had 10; there were 4 in San Francisco, 3 in Providence, R. I., 2 in Detroit and one each in Chicago (the Sheil School of Social Studies), New Orleans, Boston, Buffalo, Trenton, Peoria, and Rock Hill, S. C.

6. In regard to the lay retreat movement, or the *spiritual exercises*, it is to be noted that although the lay retreat movement in general has been very popular in the United States, still there are not many opportunities offered the *workingmen* to take part in such retreats. Note secondly that at the beginning of this section the Pope declared that the workingmen were to be the *apostles* of workingmen; here he refers to the Upper Room and states that the *spiritual exercises* or lay retreats will be to these new apostles what the Upper Room at Jerusalem was to the first Apostles.

Further Readings on the Way to Proceed

Smith, *The Catholic Labor School*; Oberle, *The Association of Catholic Trade Unionists*; Hayes, *Designs for Social Action*;—all Paulist pamphlets.

CONCLUSION

144. *Certainly there is the greatest need now of such valiant soldiers of Christ who will work with all their strength to keep the human family safe from the dire ruin into which it would be plunged were the teachings of the Gospel to be flouted, and that order of things permitted to prevail which tramples underfoot no less the laws of nature than those of God.*

**Soldiers of
Christ Needed
to Avert Ruin
of World**

The Church of Christ, built upon an unshakable rock, has nothing to fear for herself, as she knows for a certainty that the gates of hell shall never prevail against her.⁽¹⁾ Rather,

**Church
Fears Not
for Self**

she knows full well, through the experience of many centuries, that she is wont to come forth from the most violent storms stronger than ever and adorned with new triumphs. Yet her maternal heart cannot but be moved by the countless evils with which so many thousands would be afflicted during storms of this kind, and above all by the consequent enormous injury to spiritual life which would work

**But Deplores
Ruin of Souls**

eternal ruin to so many souls redeemed by the Blood of Jesus Christ.

1. Note here in general three things: first, the Pope's magnificent use of the term *human family* to describe the human race—with the implication that he is the father of this family; secondly, his use of words which seem to indicate that as a matter of fact the Gospel will not be completely rejected: i.e., his old optimism that the apostles he is calling for will be found to save society; and thirdly, the fact that despite the absence of religion in modern society, the world is not by any means completely godless or a total stranger to the Gospel: to take just one instance, modern "social legislation," which aims at bettering the condition of the poor, has its roots in the Gospel.

2. In the Pope's call for *valiant soldiers of Christ* note two things: first, the Pope is here insisting again on his point that the main evil of the economic set-up in the world today is that it occasions the loss of souls; and that consequently, the great reason why reform of the economic set-up is needed is because such a reform will help towards the salvation of souls; and secondly, the fact implied by the Pope that the fate of humanity is bound up with fidelity to the Church.

145. *To ward off such great evils from human society nothing, therefore, is to be left untried; to this end may all our labor turn, to this all our energies, to this our fervent and unremitting prayers to God! For with the assistance of Divine Grace the fate of the human*

Application

family rests in our hands.

(1) Cf. Matt. XVI, 18.

1. Note here two things: first, the words *nothing is to be left untried*, —i.e., the Pope is urging the use of the “experimental method”; and secondly, the words *the fate of the human family rests in our hands*; the Pope is the only sane man in the world who could make this extraordinary statement: for he calls the whole human race a “family” and implies that he is its “father”; and he declares further that he and his Catholic children, with the help of the grace of God, can change and shape the course of human history.

146. Venerable Brethren and Beloved Sons, let us not permit the children of this world to appear wiser in their generation than we who by the Divine Goodness are the children of the light.⁽¹⁾ *We find them, indeed, selecting and training with the greatest shrewdness alert and resolute devotees who spread their errors ever wider day by day through all classes of men and in every part of the world. And whenever they undertake to attack the Church of Christ more violently, We see them put aside their internal quarrels, assembling in full harmony in a single battle line with a completely united effort, and work to achieve their common purpose.*

Close Union and Cooperation Are Urged

Example of Anti-Catholics

1. The three points in the Pope's plea for unity are: first, he holds up the example of enemies of the Church, who work hard to spread error and who sacrifice personal differences to unite against the Church; secondly, (in n. 147) he shows why unity is necessary: namely, because lack of unity even among zealous Catholics has often proved detrimental to the Catholic cause; and thirdly, shows how this unity is to be achieved; namely, 1) by uniting under the “Pastors of the Church”; 2) by working for the reconstruction of human society as inaugurated by Leo XIII; and 3) by sacrificing personal views where necessary.

147. Surely there is no one that does not know how many and how great are the works that the tireless zeal of Catholics is striving everywhere to carry out, both for social and economic welfare as well as in the fields of education and religion. But this admirable and unremitting activity not infrequently shows less effectiveness because of the dispersion of its energies in too many different directions. Therefore, let all men of good will stand united, all who under the Shepherds of the Church wish to fight this good and peaceful battle of Christ; and under the leadership and teaching guidance of the Church let all strive according to the talent, powers, and position of each to contribute something to the Christian reconstruction of human society which Leo XIII inaugurated through his immortal Encyclical On the Condition of Workers, seeking not themselves and their own interests, but those of Jesus Christ;⁽²⁾ *not trying to press at all costs*

Why Necessary

How Achieve Unity

(1) Cf. Luke XVI, 8.

(2) Cf. Phil. II, 21.

their own counsels, but ready to sacrifice them, however excellent, if the greater common good should seem to require it, so that in all and above all Christ may reign, Christ may command, to Whom be "honor and glory and dominion forever and ever." ⁽¹⁾

1. An outstanding instance of how disunity among Catholics had evil effects is to be found in the history of the Catholic social movement in France after 1891. Catholics were divided into various factions, especially two—one in favor of the existing republican form of government, the other in favor of the old Bourbon monarchy. These two, or more, Catholic groups refused to cooperate (although by doing so, they could have moulded all the national policies of France), notwithstanding that Leo XIII had urged them all to support the existing government. The result of their disunity was the triumph of the enemies of the Church, actual persecution, and the expulsion of religious orders and other injustices to the Church in 1906.

2. As means to overcome such differences among Catholics, the Pope indicates three virtues, the practice of which will soften differences and bring the blessings of unity: first, *obedience*,—Catholics are to work under the *Shepherds of the Church*: if the hierarchy speaks on certain points, Catholics are to follow their directions; secondly, *charity*,—Catholics are to *seek not themselves*, etc.; and thirdly, *humility*,—individual Catholics are not to *press at all costs their own counsels*.

148. *That this may happily come to pass, to all of you, Venerable Brethren and Beloved Children, who are members of the vast Catholic family entrusted to Us, but with the especial affection of Our heart to workers and to all others engaged in manual occupations, committed to Us more urgently by Divine Providence, and to Christian employers and managements, with paternal love We impart the Apostolic Benediction.*

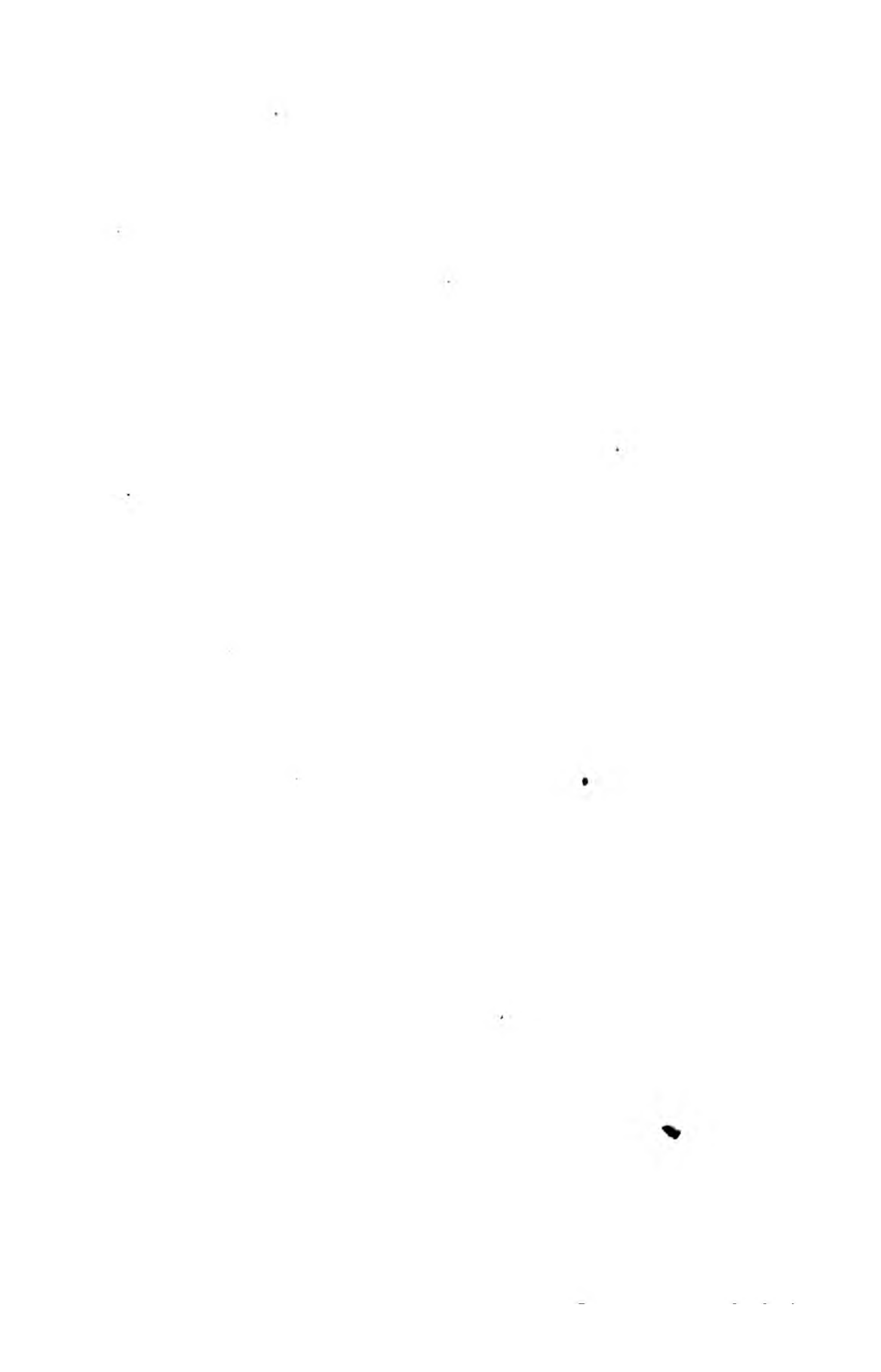
**Apostolic
Blessing**

1. Note the *especial affection* the Pope shows towards the working-men, by which he shows once more that the Pope and the Church, like Jesus Christ Himself, love and favor the poor.

149. *Given at Rome, at Saint Peter's, the fifteenth day of May, in the year 1931, the tenth year of Our Pontificate.*

Pope Pius XI

⁽¹⁾ Apoc. V, 13.



I N D E X

- Ability to pay 57/3, 70/2ff., 72/2ff., esp. 72/6, 74/8,9,11
Action Populaire 20/9, 37/3
Advertising 132/38ff.
Agrarians 101/3
Agricultural Adjustment Administration (AAA) 69/27, 103/4
Alleghany Corporation 105/8, 106/22,33,35,36, 132/33,35
Almsgiving 50/1,2,6,7, 57/4,8
Aluminum Corporation of America 105/6,8, 109/20
Amalgamated Clothing Workers 65/3
American Bar Association 87/1
American Bishops (*see* Bishops)
American Communist Political Association 112/13
AFL (American Federation of Labor) 33/1, 34/5, 35/11ff., 73/6, 87/3,
89/9, 123/5
American League for Peace and Democracy 121/5
American Medical Association 87/1, 132/42
American Peace Mobilization 121/5
American Petroleum Institute 108/3
American standard of living 50/5, 71/11ff.
American Student Union 121/5,12
American Superpower Corporation 105/19
American Telephone and Telegraph Corporation 105/5,6, 106/38, 132/20
American Tobacco Company 132/20
American Youth Congress 121/5
American Youth for Democracy 121/5
Anarchist 6/2, 112/8
Antagonish 24/12,13,16
Anti-Saloon League 108/3
Appollonia's Guild, St. 37/2
Armour and Company 105/8
ACTU (Association of Catholic Trade Unionists) 34/4,5, 35/12, 87/4,
126/2, 143/2,3
Association, right of 22/4, 30/15, 110/3
Atheistic Communism, Pius XI's Encyclical on 17/3, 18/1, 58/11, 69/26,
71/2,27, 74/2, 87/5,6, 96/2 112/1, 121/3, 142/3, 143/3
Automobile Workers' Union, United 70/4, 73/5, 74/10, 113/3, 123/6
Avery, S. 132/10 (*see* Montgomery Ward)
- Baker, G. 106/31
Baldwin Locomotive Works 105/8, 106/29
Banking 49/6, 105/15, 106/1ff., 108/6, 109/6,7, 110/7, 112/7, 114/1,2
Banking Act of 1933 106/9,16,37,40, 132/28
Banking Act of 1935 106/9,11,20
Beix, Rev. R., 33/1
Belloc, H. 19/2, 101/3
Benedict XV 22/1, 46/4

FORTY YEARS AFTER

Bethlehem Steel Corporation 75/2,9, 105/8,9, 132/11,20
Birth-prevention 63/7, 69/11

Bishops, American,

- and the AFL and CIO, 33/1, 34/5, 35/12
- and child labor, 71/16
- and cooperatives, 24/17
- and just wages, 63/4, 71/5
- and monopoly, 49/11
- and the “orders,” 83/11
- and profits, 57/6, 72/6
- and State insurance, 49/11, 71/26, 84/14
- social pronouncements, 18/2, 28/4
- and woman labor, 71/17

Bishops, Encyclical to American, 18/1, 30/15

Bishops' Pastoral Letter of 1920, 18/2, 83/11

Bishops' Program of Social Reconstruction, 18/2, 28/4

Bituminous Coal Act. 69/27

Bituminous Coal Commission, 110/6

Black Market, 75/6,7,8

Boerenbond, 37/1

Boland, Rev. J., 33/1

Bonds 53/16,17, 57/9, 63/3, 65/2, 69/7,14 106/8ff., 107/5

Bookniga Corporation 121/10

Brandeis, L. 106/26

Brandts, F. 5/2

Braun, Rev. K., 27/5

Bridges, H. 112/13, 123/8

British Labor Party 117/4

Brookings Institute 62/1, 74/7

Brophy, J. 33/1

Brotherhood of Locomotive Firemen and Enginemen 135/2

Browder, E. 81/8, 112/13

Budget, City Worker's Family 71/11,14

Bureau of Labor Statistics 24/8, 30/17, 71/12

Business

- and government 25/1, 88/4,5,11,16,23,24,25, 108/3, 110/1
- big (*see* Corporations and Monopolies)
- competition in, 88/1ff., 107/1ff., 109/2, 110/6, 132/5ff.
- graft in 132/7,8
- income from (*see* Incomes)
- methods 80/1, 101/4, 132/2ff., 136/1
- profits in, (*see* Profits)
- pump-priming in, 80/3
- purpose of, 88/2,6,12
- slogans 4/1
- small, 57/9, 58/1, 59/10, 65/2, 72/7, 79/1, 80/1, 102/4
103/1,2,3, 108/2

Callahan, Col. P. 131/5

Canada, Catholic social activity in 20/5, 24/12, 34/2, 36/3

Cantwell, Rev. D. 33/1

INDEX

Capital

- collaboration between capital and labor 17/1, 23/6, 69/18ff., 73/5, 83/5, 132/9
- common good, and the, 56/1
- meaning of the word "capital" 53/3,4,6
- necessity for business 79/2, 82/3, 83/7, 84/19
- part in production, (*see* Production)
- share in profits, (*see* Profits)

Capitalist system 75/12, 79/2ff., 99/1,2, 100/1, 101/1ff., 102/1, 110/3

Cardijn, Canon J. 23/5, 140/2

Carey, J. 33/1

Caritate Christi Compulsi, Encyclical 17/3

Carranza, V. 108/5

Cartel 109/3,20

Catholic

- attitude towards unions, 30/1ff., 34/5, 35/12
- social leaders 5/1,2,3, 6/2, 7/2, 27/4,5, 36/7
- unions, (*see* Unions)
- unity 146/1, 147/1,2
- membership in CIO and AFL 36/7, 123/9

Catholic Action 20/2, 96/4, 138/2

Catholic Action 20/9

Catholic Central Verein 19/2, 20/9, 37/3, 71/15

Catholic Charities Review 20/9

Catholic Code of Social Principles 19/3

Catholic Conference on Industrial Problems 20/7

Catholic Employers' Association of Spain 38/1

Catholic Labor Alliance 143/3

Catholic Labor Defense League 34/5

Catholic League for Social Justice 143/4

Catholic League of Dutch Farmers 37/1

Catholic Mercantile Guilds 29/3

Catholic Police Guild 34/4

Catholic Press Association 37/2

Catholic Social Action Conferences 20/7

Catholic Social Guild of Oxford 13/1, 19/3, 20/8,9, 23/7, 37/3

Catholic Truth Society 37/3

Catholic University of America 8/2,3, 20/1,3,7,9

Catholic Worker 24/4

Catholic Workers' College 23/7

Catholic World 12/1

Catholic Youth Organization 126/2, 143/2

Cathrein, S. J., Rev. V. 19/1, 45/1,2, 46/12, 50/1,2, 52/7

Ceilings (*see* OPA)

Central Blatt and Social Justice 20/9

Centre Party 5/1, 27/5

Chain Stores 102/4,6, 103/1-3

Chambers of Commerce 30/11, 38/1, 87/1, 88/17

Charity 17/2, 24/1ff., 32/1, 47/10,11,13, 49/3,4, 50/7, 58/8, 76/6, 88/26ff., 131/1, 137/1ff.

FORTY YEARS AFTER

- Chase National Bank 105/8, 106/38, 132/24,26
Chaste Wedlock, Encyclical 71/2,27
Check-off 41/8
Chesapeake and Ohio Railway 105/8,21, 132/33
Chesterton, G. K., 19/2, 20/9, 101/3
Chicago, Burlington and Quincy Railway 105/8
Chicago and Eastern Illinois Railway 105/8, 132/33
Chicago, Milwaukee, St. Paul and Pacific Railroad Company 106/31
Chicago, Milwaukee and St. Paul Railway 105/8, 106/35, 132/20
Chicago and Northwestern Railway 105/8
Child Labor 69/23, 71/1,16
Child Labor Amendment 71/14,15
Children's Friends 121/1
China Today 121/9
Christian Democrat 20/9
Christian Education, Encyclical on Title/1, 122/1
Christian Socialists 120/1
Christian spirit 6/1, 23/6,7, 129/1ff., 135/1
Chrysler Corporation 105/9, 109/3, 132/11
Church
 —influence on society, *title* 4,5, 28/4, 41/4ff., 88/31
 —Mystical Body, the 90/3
 —poor, and the, 125/5,6
 —social question, and the 7/1, 17/1,3, 41/1ff., 59/6, 61/3, 63/2ff.,
 88/31, 97/6, 110/2ff.
 —working man, and the, 124/1,2, 125/1,5
Church in Germany, Encyclical on the, 18/1, 113/2
Civilian Conservation Corps 28/5
Civil Liberties Commission 25/2, 88/5
Civil Servants' Guild 34/4
Clancy, Rev. R., 33/1
Class conflict
 —and the CIO, 123/6
 —and Communism, 81/8, 111/3, 112/4ff., 123/6
 —cure for, 81/1ff., 82/3
 —diminishing in the U. S., 30/17, 73/5, 132/9
 —and Socialism, 116/2
Clayton Act, 21/2, 110/6
Closed Shop 30/28,29, 35/3
Coady, Rev. M., 24/12
Coco-Cola, 132/20,43
Codes of Fair Competition, 88/20, 110/6, 132/6,8
Collective Bargaining
 —and CIO 69/24
 —described 30/6
 —influence on wages 69/19ff., 73/1
 —to be protected by government 30/12
 —workers' right to 30/9
Collective contracts
 —described 30/6,7, 69/21,22
 —extent of in U. S. 30/8,28, 69/24

INDEX

- Cologne School 35/7
Colonies 109/9ff.
Comintern 112/8
Commodity Credit Corporation 106/12
Common good
 —meaning of the term 58/2ff., 86/3
 —obligation to promote 71/19, 84/4
 —principle of the common good 57/2ff.
Commonweal 20/9
Commonwealth Edison Company 105/8
Commonwealth and Southern Corporation 105/5,19
Communism
 —CIO, and the, (*see* CIO)
 —Fascism, and, 91/1ff., 112/7
 —name, the 112/2
 —Pope, and the, 81/8, 112/1,2
 —property, (*see* Property)
 —purpose of, title/5, 38/5, 81/8, 111/3, 112/4
 —religion, and, 112/12,13
 —Socialism, and, 4/4, 10/7, 111/1,2,4, 112/2, 121/2ff.
 —Spain, in, 112/11,13, 122/5, 123/2
 —United States, in the, 112/13, 121/4,5, 123/5ff.
 —unions, in, (*see* Unions)
 —working men, and the, 124/1,2, 125/1
 —world revolution, and, 112/6,8,11
 —youth, and, 121/2ff., 122/2,3
Communist
 —methods 112/8,10,11, 121/2ff.
 —press 121/3,8,9,10, 122/3
 —propaganda 121/3,8,9,10,11, 122/2,3,4,5
Communist Manifesto 59/2, 111/2,3, 112/2,4,8
Communist Sports International 121/6
Commutative justice, (*see* Justice)
Company unions 30/18,19
Competition (*see* Business)
Concentration of economic power 105/6ff., 106/5ff., 109/2ff., 110/7
Concentration of wealth 105/4,5
Conciliation 30/9
CIO (Congress of Industrial Organizations) 35/11, 73/6
 —Bishops' approval of, 35/12
 —Catholics in, 36/7
 —Communism in, 30/25, 123/5ff.
 —and the "orders" 83/10, 87/3
 —and priests, 33/1
 —1948 *Wage Case* 70/5, 72/6
Consumers, rights of 88/36
Consumer Incomes in United States 60/1, 105/3
Consumers' Reports 132/43
Consumers' Reports Buying Guide 132/43
Consumers' Research Bulletin 132/43
Consumers' Union 132/43

FORTY YEARS AFTER

- Contraception 63/7, 71/13, 132/40
Contract 64/1, 65/1
Coolidge, C. 132/34
Cooperative Committees 65/3
Cooperative Commonwealth 24/15
Cooperatives, (*see* Credit Unions)
—Asia, in, 24/11
—consumers' 24/5,6,8,14
—Europe, in, 24/11
—farmers' 24/7
—idea of 24/5, 102/3
—kinds of 24/5
—marketing 24/5ff.
—Mexico, in, 20/6
—Papal approval of 24/1,13,15,16, 142/2, 143/2
—producers' 24/5,6,7,14
—purpose of 24/5,14,16,17, 81/11, 110/7
—United States, in the, 24/7,8,11
Corporations, (*see also* Business, Monopolies, Free Enterprise, NAM)
—banks, and 106/22ff.,32ff.
—control of 41/8, 47/5, 105/8,9,11ff., 110/7
—government, and 80/1ff., 110/6ff.
—Jews, and the 105/5ff., 106/14,16,17
—methods of, 72/7, 105/7ff., 109/2,5ff., 132/11, 132/27ff.
—power of, 57/9, 105/5ff.
Corporations, Italian Fascist 93/1ff., 94/3,4, 95/4
Corporative State 81/3
Corrigan, Archbishop M., 4/5
Cost of living (*see* living) 71/12, 75/5,6,9
Cotton croppers 59/8
Coughlin, Rev. C., 20/9, 81/5, 106/3,16, 137/4
Council on United Nations' Relief and Rehabilitation (*see* UNRRA)
Court injunction, (*see* Injunction)
Credit 53/17, 106/2ff.
Credit Union National Association 24/10
Credit Unions 20/6, 24/5ff., 37/3, 43/6 106/12
Crisis of Christianity 35/12
Cronin, S. S., Rev. J., 33/1
Crown Heights Comment 143/3
Crown Heights School of Catholic Workmen 143/3
CYO (*see* Catholic Youth Organization)

Daily Worker 81/8, 112/13, 121/8
Day, Dorothy 24/4
De Curtins, G. 5/2, 27/4, 33/1
De La Tour Du Pin, Count 5/2, 7/2
Democracy 78/5, 86/1ff.
De Mun, A. 5/2, 14/1, 27/4, 33/1
Deposits, bank 106/11
Depression 57/11, 62/1, 83/4, 86/4, 88/1,12
Desbuquois, Abbe G. 37/3

INDEX

- De Valera, E. 81/6
- Dictatorship
- economic 88/14, 105/6ff., 106/5ff., 107/1ff., 108/2ff., 109/2ff., 110/7
 - political 78/3ff., 86/2ff., 88/13ff., 99/3, 101/4ff., 105/6, 108/4, 109/3, 110/7
- Dietz, Rev. P. 33/1
- Dies Committee cf. *Reading List* after n. 126
- Dillon, Read, and Company 105/15, 106/27
- Directors of corporations 105/11ff.
- Distribution 19/2, 45/8, 57/1ff., 136/11
- Distributists 101/3
- Distributive justice, (*see* Justice)
- Diuturnum Illud* 1/2, 118/1, 119/2
- Dividends 43/4, 53/2, 10, 74/8, 105/4
- just rate of 58/1
- Divini Illius Magistri*, (*see* Christian Education)
- Divini Redemptoris*, (*see* Atheistic Communism)
- Dodge Brothers' Company 105/15
- Dodge Phelps Corporation 106/29
- Doheny Oil Company 108/2,3
- Doherty, H. L. and Company 105/15
- Dollfuss, E. 81/6
- Donnelly, Rev. J., 33/1, 143/5
- Drama League of America 121/5
- Drexel and Company 106/27
- Drexel, Mother Katherine 106/27
- Drolet, Rev. J. 33/1
- Dues, union 30/27, 41/8
- Dummy corporations 132/36
- Du Pont Family 105/4,8, 106/29, 109/20
- Dutch Catholic Union of the Middle Class 37/2
-
- Eccles, M. F. 106/13,21
- Economic democracy 81/3
- Economic imperialism 59/7, 109/10ff.
- Economic laws, 4/1,2, 42/3,4,5, 54/1
- Economic liberalism
- meaning of 10/1, 54/2, 133/2
 - changes in meaning 10/4
 - condemned by Church 10/2, 88/3ff.
- Economic matters, authority of Pope and Church in, 41/1ff., 43/5ff., 131/1, 132/2, 136/1,2
- Economic nationalism 109/9
- Economic Notes* 121/9
- Economic order 42/1,7,8, 43/4, 84/8ff., 88/2, 99/1ff., 101/4
- Economic Outlook* 57/3, 70/5, 71/11, 73/6
- Economics, science of 20/1ff., 42/1ff.
- Economic system, evils in modern, (*see* Corporations)
- Economy, planned 88/11
- Education 24/16, 37/3, 71/12, 78/11, 84/14, 88/18, 121/1ff., 122/1ff.

FORTY YEARS AFTER

- Eire 81/3,6
- Emancipation Proclamation 49/10
- Eminent domain 49/6
- Employers and Pope's Program 140/6
- Employment bureaus 74/9
- Encyclical *title*/1ff., binding force of, 8/5, 39/3, 43/6
- Encyclopedia of Social Sciences* 10/11, 38/1
- Engels, F. 111/3, 112/2
- England, Catholic social activity in 19/2,3, 20/8,9, 23/7, 37/3
- "Enlightened self-interest" 10/3
- Espionage, labor 30/16, 132/11
- European Recovery Plan (ERP) 89/1

- Fact-finding boards 73/5
- Factory system 3/1, 79/2ff.
- Fact and Fancy in the TNEC Monographs* 105/3
- Fair Employment Practices Committee 135/2
- Fair Labor Standards Act 21/2, 69/23, 71/14, 73/2, 75/4, 83/1
- Fall, A. B. 108/3
- Family 63/4, 69/3ff., 71/1ff., 78/11, 80/1
- Family allowance 71/23
- Family Wage (*see* Wages)
- Farbenindustrie, I. G. 109/20
- Farm Bureau Federation 103/4
- Farm Credit Administration 103/4, 106/12
- Farmers 30/14, 37/1, 69/25, 83/16, 85/1, 87/5, 92/5, 102/1, 103/1ff., 106/12
- Farm Security Administration 103/4, 106/12
- Farm tenants 60/1, 102/4
- Fascism
 - philosophy condemned 91/2
 - economic system 91/4ff.
 - and labor unions 35/1, 39/2
 - as term of opprobrium used by Communists 91/3, 112/4,7
- Federal Deposit Insurance Corporation 106/9,10
- Federal Housing Administration 28/5, 71/24, 79/3, 80/3, 106/12
- Federal Power Commission 110/6
- Federal Reserve Banks 106/9,16,20
- Federal Reserve Board 80/3
- Federal Reserve System 106/10ff., 110/7
- Federal Surplus Commodities Corporation 103/4
- Federal Trade Commission 80/3, 105/3, 109/2,3, 110/6,7, 132/42,44
- Fight against War and Fascism* 121/9
- Filene and Sons' Company 30/19, 80/3
- Finance 43/2, 57/7, 72/7, 106/1ff., 109/19
- Finance capitalism 101/6, 105/6
- Financial independence 59/1ff., 63/2, 71/11, 74/4
- Firestone Tire & Rubber Company 108/5, 109/7
- First International 112/8
- First National Bank of New York 105/8, 106/31
- Flanagan, Rev. W. J., 33/1

INDEX

- Fleischman's Yeast Company 132/42,44
 Fordham University 20/3
 Ford Motor Company 105/4,9, 108/5, 109/2,3
Fortnightly Review 19/2
Forty Years After, (see *Quadragesimo Anno*)
 Fox Film Corporation 132/24
 France, Catholic social action in 5/2, 7/1, 13/1, 20/4,9, 34/2, 37/3, 38/1, 71/23
 Franco, F. 81/6
 Free competition 88/9,10,21, 107/1, 109/2,11ff., 110/6
 Free enterprise 10/1ff., 46/1, 88/5, 105/6, 107/1, 109/3, 132/4ff., 133/1-2
 Friends of the Soviet Union 121/5

 General Electric Company 57/9, 65/4, 105/8, 106/29,38,39, 108/5
 General Motors Corporation 57/9,14, 65/4, 66/2, 70/6, 74/10, 105/5,8,12 109/3
 General Welfare (see *Common Good*)
 George, H. 4/5, 14/1, 52/1
Germany, Encyclical of Pius XI to Bishops of, 113/2
 Germany, Catholic social action in 5/1, 20/9, 27/5, 33/2, 35/7, 37/3
 Gibbons, Cardinal J. 5/1, 6/3
G. K.'s Weekly 20/9
 Gilligan, Rev. F. 33/1
 Gimbel Brothers 132/20
 Girdler, T. 75/2, 132/11
 Gladbach School 35/7
 Goldstein, D. 20/9
Good Housekeeping Magazine 132/44
 Goodyear Tire and Rubber Company 105/8
 Gorman, F. 33/1
 Grace, E. 75/2, 132/34
 Graft 57/5, 132/7,41ff.
 Grand Rapids Muskegon Power Company 105/19
 Great Northern Railway 105/8, 107/5
 Gresham's Law 42/3
 Guaranty Trust Company 106/38, 132/33
 Guffey Coal Act 69/27
 Guilds 3/1, 6/3, 30/29, 69/17, 78/6ff., 81/2,3, 83/11, 97/2ff.
 Gulf Oil Company 105/8

 Haas, Bishop F. J. 19/1, 20/3, 30/22, 33/1, 135/2
Handbook of Labor Statistics 50/5, 60/1, 71/12
 Hanna, Archbishop E. 33/1
 Harding, W. 108/3
 Harmel, L. 5/2, 7/1, 29/1, 33/1, 38/1,2, 71/23
 Hayes, Rev. J. 33/1, 37/3
 Hedley, Bishop J. 8/2
 Heller Committee for Research in Social Economics 71/12
 Hensler, Rev. G. 33/1
 Hershey Chocolate Company 132/20
 Hierarchy, American 18/2, 30/25

FORTY YEARS AFTER

Higgins, Rev. G. 33/1, 37/3, 143/5
Hillenbrand, Msgr. R. 33/1
Hitchman Coal and Coke case 30/2
Hitler 35/1, 37/3, 112/13; cf. 91/3, 105/15, 113/2
Hitze, Canon F. 27/5
Hoban, Bishop M. 33/1
Hocking Valley Railway 105/21
Holding companies 49/6, 105/3ff., 106/31, 107/3ff., 132/32
Holding Company Act 49/6, 80/3
Holland, Catholic social activity in 27/5, 34/2, 36/3, 38/1
Homeless youth homes 121/6
Home Owner's Loan Corporation 28/5, 71/24, 135/7
Hook, Chas. R. 75/2
Hoover, H. 108/5
Hormel Meat Packing Company 73/1
Houses of Hospitality 24/4
Housing 28/2, 71/24, 135/1,7
Hudson Motor Company 109/3
Hueck, Baroness de 24/4
Huerta, V. 108/5
Human dignity 11/6, 17/2, 23/2, 101/4
Husslein, S. J. Rev. J. 8/3, 18/2, 19/1

Immortale Dei 1/2, 2/1, 86/1

Imperialism 59/7, 109/10ff.

Inprecor 121/8

Income

- annual family in U. S. 60/1-2, 71/15, 72/6, 75/4
- concentration of in U. S. 105/4,5
- superfluous 50/3-5, 57/8

Individualism

- condemned 10/2ff., 88/3
- described 10/1ff.
- “rugged” 10/3, 46/1, 83/4-5

Industries and Professions (see “Orders”)

Industrial council 65/4

Industrial efficiency 74/10, 75/13

Industry councils 65/3,4, 69/30, 83/13, 87/5

Infallibility 11/1, 41/14, 117/2

Inflation 75/2ff.

Inheritance 45/7, 49/12, 110/9

Iniquitous Contract 47/14

Injunction 4/3, 30/1,4, 73/5, 109/7

Inland Steel Company 75/9, 105/8

Institutions

- Christian 129/2,3
- middle classes, for the 37/3
- peoples, of 49/8, 88/17,18
- poor, for the 17/3, 24/3, 29/1
- public 88/17, 110/10

INDEX

- Insull, S. 105/21ff., 109/4,5,6
Insull Utility Investments, Inc. 105/24
Insurance 21/2, 24/8, 28/2, 49/11, 71/14,21,26ff., 83/15, 103/3, 106/37,38
Interest 24/9, 43/4, 44/4, 53/2,11,14ff., 58/1, 106/19
Interest groupings 105/8, 106/29,38,39
Interlocking directorate 105/18, 106/28
Internal financing 57/9, 72/7, 106/39
Internationale 112/6
International Federation of Trade Unions 36/3, 140/4
International Harvester Company 105/8
International Labor Conference 22/3, 36/6
International Labor Defense 121/5
International Labor Office 22/3, 24/11, 28/2, 36/6, 81/6
International Press Correspondence 121/8
International Publishers 121/10
International Trade Organization (ITO) 89/1
International trade unions (*see* Unions)
International Union of Social Studies 19/3
International Workers' Order 121/5
International Workingmen's Association 112/8
Interstate Commerce 73/2, 88/20
Interstate Commerce Commission 30/13, 80/3, 88/20, 108/2, 110/6, 132/33
Investment
 —banking 105/15, 106/1ff., 132/34ff.
 —trusts 105/12,22,24
Investors 49/6, 105/22ff.
Iron law of wages 42/3, 54/1, 88/3
Irving Trust Company 106/38

Jack and Heintz Company 57/6, 72/6
Janitors at religious institutions, wages of 72/5
Jefferson School of Science 121/5
Jews 105/10, 106/14,17,26
Jocists 23/5, 24/3, 140/2ff.
John Reed Clubs 121/5
Johnston, Eric 81/6
Jones and Laughlin Steel Corporation 105/8
Joslyn Manufacturing and Supply Company 65/5, 137/5
Jude's League, St. 34/4
Juridic order 46/14, 69/16, 88/20,29,33, 90/2
Just distribution of wealth 45/11, 50/1ff.
Justice, United States Department of 30/21, 109/2,20
Justice
 —commutative
 —business, and 107/2ff., 108/1ff., 132/24
 —meaning of 47/8,11,13, 53/11,12, 71/2
 —prices, and 75/8
 —profits, and 57/2,3, 105/1ff., 132/24
 —State, and the 49/3

FORTY YEARS AFTER

- wages, and 70/2, 71/1,2,4, 72/1, 74/8, 137/2
- distributive 89/5
- legal 58/11, 71/9
- social
 - business, and 88/16, 101/4, 105/1,23, 108/1ff., 109/6, 132/18,26
 - Church, and the 131/1
 - meaning of 58/1ff.
 - prices, and 75/8
 - profit, and 53/13, 57/2ff., 70/4, 74/8, 88/19
 - property, and 47/6,9, 49/3
 - social charity, and, 88/32
 - State, and the, 49/3, 88/33ff.
 - wages, and, 66/1, 69/15,31, 70/3ff., 71/1ff., 74/4ff., 137/2

Kaas, Msgr. A. 27/5

Kahn, O. 105/17

Kenkel, F. 19/2, 37/3

Kenrick, Archbishop P. 24/10

Ketteler, Bishop W. von 5/1

“Kick-back” 57/5

Knights of Columbus 34/5

Knights of Labor 5/3, 6/3

Kolping, Rev. A. 5/1, 29/1

Kolpinghaus 29/1

Kresge's Stores 132/20

Kroger Grocer Company 132/20

Kuhn, Loeb & Co. 105/8,10,17, 106/24ff., 132/32,35

Labor

- capital and, 17/1, 23/2,6, 30/22, 38/2,4, 41/7, 43/4, 53/2,4, 69/28, 73/1, 84/1ff., 90/1, 99/1, 100/1ff., 101/1ff., 102/1, 110/3, 132/9ff.
- child 22/4, 26/1, 71/16
- Church, and the 59/6, 125/5ff.
- dignity of 58/1, 72/1, 74/4, 83/2
- hours of 53/1ff., 56/1, 69/19,21, 75/4, 84/14, 100/1
- individual character of 69/4
- injunction 30/1,4, 73/5, 109/7
- legislation 21/2ff., 26/1, 28/1,2, 30/1,5,9, 37/3, 69/14,16,18,21ff.
- management, and, 28/4, 29/3, 65/3, 81/1ff.
- market, 29/2, 34/1,3, 72/7, 83/3
- organization of 30/1ff., 69/19ff. (*see unions*)
- parties, 27/3
- problem 2/2
- rural workers, and (*see rural workers*)
- schools, 34/5
- social character of 69/4-8, 13ff.,32, 70/3
- value of 58/1, 69/1ff., 70/1
- woman, (*see woman labor*)

Labor Charter Law of 1927, Italian 35/1, 39/2

Labor Defender, 121/9

INDEX

- Labor Information Bulletin* 30/8
Labor Leader 34/5, 143/3
Labor-Management Conference, Washington, in 1945, 81/6
Labor Notes 121/9
Labor Policies of Employers' Associations 109/7
Labor Research Association 121/10
Labor, U.S. Dept. of 26/2
LaFollette Civil Liberties Committee 25/2, 30/16, 88/5, 132/11
LaFollette, Senator, R. 25/2, 30/16, 109/7
La Guardia, F. 30/2
Laissez faire 88/7ff., 133/2
Lamont, T. S. 106/40
Lamont, T. W. 106/40
Landis, Judge K. 86/2
Lassalle, F. 54/1
Law
 —civil 49/1,7ff., 53/17
 —divine 49/5
 —economic 4/1,2, 42/3,4,5, 54/1, 69/23, 88/3
 —moral 41/6ff., 43/1,2,6, 46/14, 88/6, 119/5
 —natural 41/5,14, 45/7, 49/1,5, 57/3, 82/2
Law of diminishing returns 42/3
Lay leaders 5/2,3, 6/1, 7/2, 33/1,2, 141/2, 143/1
Laymen 5/2, 6/1ff., 7/2, 19/2, 33/1,2
Laymen's Union 1/1
League Against War and Fascism 121/5
League of Nations 22/1,2,3, 110/10
League of Professional Groups 121/5
Lehmkuhl, S. J., Rev. A., 8/1
Lend lease 106/6,12, 110/10
Lenin, V. 111/4, 112/8
Leo XIII
 —on almsgiving 50/1ff.
 —and Church's right to speak on social question 8/4-5, 41/1
 —on Communism 44/5, 111/1ff., 120/2
 —on proper form of government 86/1ff.
 —on labor and capital, 17/1-3, 53/2ff.
 —on economic Liberalism 10/2ff.
 —on picketing 30/5
 —and the poor 1/1, 7/1, 12/1, 14/3, 25/2, 83/2, 125/6
 —on private property 44/5, 45/6-9, 49/1ff., 50/1ff., 52/1ff.
 —on the reconstruction of the social order 76/5
 —on the redemption of the non-owning workers 59/1ff.
 —and the actual writing of *RN* 8/1ff., 9/1-2
 —on the single tax theory of Henry George 4/5, 14/1, 52/1ff.
 —on the functions of the State 25/1, 49/1ff., 69/21
 —on strikes 30/5
 —in favor of labor unions 4/4, 29/2ff., 30/15, 36/1
 —on amount of just wage 66/1-2, 69/2ff.
 —on the wage contract 64/1

FORTY YEARS AFTER

- Le Play, F. 5/2
Lewis, J. L. 35/11, 69/24
Libbey-Owens-Ford Glass Co., 105/6
Liberalism (*see* Economic Liberalism)
Liberal 10/4, 54/2
Liberatore, S. J., Rev. M., 8/1
Libertas 1/2, 2/1, 8/1
Liberty 10/1, 119/4
Liechtenstein, A. von, 5/2
Lienart, Cardinal A., 38/3
Life insurance companies 106/38
Lille, Letter to Bishop of 30/23, 38/3,4
Limited liability 132/27
Lincoln, A. 49/10
Linzer Quartalschrift 46/12, 47/1ff., 49/1, 50/1, 53/1, 55/1, 64/1
Listerine 132/42
Little Sisters of the Poor 29/1, 125/5
Little Steel formula 75/6,9ff.
Living wage (*see* Wage)
Loan 45/10, 49/7, 53/1, 106/7
Loan sharks 24/9
Lobbying 83/9, 108/3
Lock-outs 92/7, 94/1
London Tablet 14/3
Louisville Varnish Company 65/5, 137/5
Lucey, Archbishop R. 30/22
Lugmayer, Dr. K. 45/1, 53/1ff., 64/1
Lyons, E. 112/13

Machinery 53/9, 79/3, 132/7
Magna Carta 39/1,2
Maintenance of membership clause 30/28
Management and labor 53/4, 132/5,9
Management, workers' share in 28/4, 57/14, 65/3, 69/30, 83/12-13, 88/22
Managerial revolution 105/12
Man and Society 19/1
Manchester School 54/1,2
Man, nature of 45/6, 122/1
Manufacturers (*see also* N.A.M.) 43/4, 132/7,38, 134/1
Manning, Cardinal H. 5/1, 8/2, 14/3
Margin purchasing 132/17,25,26
Market (*see also* Labor market) 69/25, 109/3,11, 132/3,12,14,16ff.
Marriage 82/3, 135/6
Marshall Field and Company 105/8
Marshall Plan 89/1
Marx, K. 59/2, 111/2,3, 112/2ff.
Masse, S.J., Rev. B. 33/1
Material goods, purpose of 45/1,2,6, 42/7ff.
Maternity guilds 37/3
Matt, J. 19/2
Maurin, P. 24/4

INDEX

McAdoo, W. 108/3, 132/34
McDonald, D. 33/1
McGlynn, Rev. E. 4/5, 14/1
McGowan, Rev. R. 33/1, 37/3
McGuigan, Card. J. 33/1
McGuire, O.S.V., Rev. John 33/1
McNabb, Rev. V. 23/5
Meany, Geo. 33/1
Medolago - Albani 27/4
Mellaerts, Abbe 37/1
Mellon, A. 105/4,8, 106/29
Memorial Day Incident 30/16
Mercier, Cardinal D. 18/1
Mermillod, Cardinal G. 5/1, 7/2, 8/1
Metropolitan Life Insurance Company 105/5, 106/38
Mexico, Catholic social work in 20/6
Mexico, Encyclical to Bishops of 18/1
Michel, Rev. V., O.S.B. 46/14
Middle Ages 78/8, 79/1, 83/11, 125/5
Middleman 24/5,6,14,17
Midwest Refining Company 132/37
Minimum wage, (*see* Wage)
Missouri, Kansas, Texas Railway 105/8
Missouri Pacific Railway 105/8,21, 107/5
Mitchell, J. 33/1
Modernism 46/4,5
Monaghan, Rev. J. P. 33/1, 143/5
Monarchical form of property 49/9
Money 44/4, 46/1, 49/6,11, 53/14ff., 58/5, 137/4
Money reform 106/3ff.
Money trust 106/25,26
Monopolies 49/6,11, 58/1, 69/16,17,18, 88/14, 97/4, 108/5, 110/7ff.
112/3
Montgomery Ward & Company 105/8, 106/29, 112/13, 132/10,20
Monthly Labor Survey 73/6
Mooney, Cardinal E. 28/4, 30/22
Moral law (*see* Law)
Morals 41/13, 42/21, 97/1, 98/1, 99/1,2, 119/4, 135/1,4,5
Morgan, J. P. and Company 105/8,17,19, 106/9ff. 132/33ff.
Morgan, J. S. 106/40
Morgan, Stanley, and Company 106/40
Morrison, Bishop J. 24/13
Mothers' League 121/7
Moufang, Canon F. 5/1
Munificence 50/2, 51/1, 57/9
Munition industries 109/20
Munitions used by management against labor 30/16, 132/11
Murray, P. 33/1, 35/11, 69/24, 70/5, 83/10
Murray Plan 65/3, 69/30, 83/10
Mussolini 81/3, 91/1ff., 112/7

FORTY YEARS AFTER

Mystici corporis, Encyclical 90/3

Mystical Body of Christ 90/3

Nash Motor Company 109/3

Nathan Report 70/5, 73/6, 74/8,9, 75/4

National Association of Manufacturers

—and the closed shop 30/28,29

—and Communism 81/8

—and labor unions 25/1, 30/16,29

—and the OPA 75/7

—and trade associations 30/11

—annual budget 25/2

—denies concentration of economic power 105/3

—opposed to Catholic social teaching 10/3, 25/1, 81/8, 88/5, 107/1

—professes “rugged individualism” 10/3

National Biscuit Company 105/8, 106/29

National Catholic School of Social Service 20/3

National Catholic Welfare Conference 1/1, 18/2, 19/1, 20/7,8,9, 23/7,
35/12, 37/3, 71/16

National Catholic Welfare Conference Bulletin 20/9

National Christian Federation of the Middle Classes 37/2

National City Bank of New York 106/38, 109/7, 132/36

National Conference of Catholic Charities 23/5, 24/3

National Cultural Council 121/5

National debt, 106/6

National Economic Council 88/34

National Farmers' Union 103/4

National Federation for Constitutional Liberties 121/5

National Grange 103/4

National Industrial Recovery Act (*see* NRA)

National Council of Negro Youth 121/5

National Labor Relations Act 21/2, 30/5,19, 83/4,5

National Labor Relations Board 28/5, 30/9,17ff., 79/3, 80/3, 83/1,4

National Legion of Youth Against War 121/5

National Negro Congress 121/5

National Recovery Act (NRA) 83/4

National Recovery Administration 21/2, 30/19, 83/1, 84/12, 110/6,
132/6,8, 134/1

National Resources Committee 50/5, 60/1,2, 105/3ff., 106/24ff.

National Socialism (*see* Naziism)

National Resources Planning Board 105/3

National Steel Company 75/2

National Student League 121/12

National Study Council of the Protestant Federal Council of Churches
83/13

National War Board 21/2

National War Labor Board 30/28

Nationalism, economic 109/9

Nationalization 80/2, 114/2,3

Natural law, (*see* Law)

INDEX

- Natural resources 53/6,7, 106/6, 109/10
Naziism 91/3, 105/15, 106/6, 113/2
Negroes 1/1, 24/4, 135/2ff.
Negro Worker 121/9
New Deal 10/4, 28/5, 83/4, 106/7,9,12, 126/2, 132/5,14,28
New Harmony, Indiana 10/11
New Jersey, Indiana, and Illinois Railroad 132/32
New Masses 121/9
New Masses Club 121/5
New Orleans' Archdiocesan Committee for Social Action 30/22
New Orleans, Texas, and Mexico Railroad 107/5
New Pioneer 121/9
New Theatre and Film 121/9
New Vienna Movement 45/12, 46/2,6, 53/1, 55/1
New York Central Railroad Company 105/5,8
New York Life Insurance Company 106/38
Nickel Plate Railroad 105/21
Nolens, Rev. 27/5
Non-voting stock 105/14ff.
Norris-La Guardia Act 30/2,4
Norris, Senator George 105/21, 107/4
Northern Pacific Railway 105/8
Nunn-Bush Shoe Company 73/1, 137/5
- Obedience to the Encyclicals 8/4,5
Occupancy 52/1,2,3
Occupational groups, (*see* "Orders")
O'Connell, Cardinal Wm. 33/1
Office of Price Administration (OPA) 75/3ff.
OGPU 91/3
Old age 21/2, 28/5, 29/1, 49/11
O'Mahoney, Senator J. 87/4, 105/5,7, 106/30, 110/7
Open shop 30/28,29
"Orders"
—authority in 84/16, 86/4
—and cooperatives 87/4
—economic 83/16, 84/8ff.
—examples in various countries 81/6
—government, and the 81/9,10, 82/1ff., 84/17, 86/5
—labor and capital, and 83/1ff., 84/1,5,6,11, 87/4
—and management sharing by workers 57/14, 65/3, 69/30, 83/10, 88/22
—meaning of the word 81/2ff., 83/6ff., 84/2,3
—naturalness of 82/3
—opposition to 81/8
—and Protestant Churches, 83/13
—purpose 81/4, 84/14
—and American Rabbis 83/12
—representation in government 83/9, 84/12
—types 84/7ff.

FORTY YEARS AFTER

- not un-American 83/9,10
- United States, in the 83/5ff., 87/5
- ways of forming the system of 87/4
- Originating securities 106/22ff.
- O'Shaughnessy, M. 143/4
- Osservatore Romano* 58/11
- Owen-Keating Act 71/16
- Ownership (*see* Property Right)
-
- Pacelli, Cardinal E. 24/13
- Packard Motor Company 109/3
- Parkinson, Msgr. H. 23/5
- Parliamentary procedure 34/5, 143/5
- Partnership between capital and labor 65/1,2 83/10
- Pastoral work for priests, new kind urged 142/3
- Parents 105/7, 109/20
- Patriarchal form of property 49/9
- Patrimony of the poor 125/5
- Pay (*see* Wage)
- Peel, R. 54/2
- Penance and social reconstruction 129/2,3
- Pennroad Corporation 105/17, 106/33, 132/35
- Pennsylvania Railroad 105/8ff.
- Perin, C. 5/2
- Pershing, J. J. 132/34
- Pesch S. J., Rev. H. 19/1
- Phelps-Dodge Corporation 106/29
- Philanthropy 137/2
- Photo History* 121/9
- Picketing 30/4,5
- Pittsburgh Plate Glass Company 105/6
- Pius IX *title*/1, 120/2
- Pius X 35/7ff., 36/3, 46/4, 120/2
- Pius XI
 - on ability to pay living wage 70/2ff., 72/2ff.
 - on the Antigonish movement 24/13
 - on the Church's right to treat economic matters 41/1ff., 129/3, 130/1
 - on cooperatives 24/5ff.
 - on economic Liberalism 25/1, 30/1ff., 78/6, 88/3ff., 109/1ff., 133/1
 - on Italian Fascism 39/2, 91/1ff.
 - on social justice 58/2ff., 71/19, 74/4, 88/16ff., 101/4, 110/10
 - on labor schools 143/5
 - on labor unions 29/1ff., 30/1ff., esp 35/6ff.
 - on modern paganism 141/1
 - on the State's action in economic matters 25/1ff., 49/2ff., 73/2, 80/1ff., 88/22, 109/7, 110/7, 133/1
 - on priests in the economic field 5/1, 19/1, 23/5, 24/3, 27/5-6, 31/2, 33/1, 43/6, 142/1ff.

INDEX

- on profits 57/2ff., 58/1
- and the Wagner Act 30/12
- Pius XII *title* 3,8, 18/1, 30/15, 86/4, 90/3
- Planned economy 88/20
- Plater S. J., C. 23/5, 37/3
- Political parties 117/3
- Politics 96/5, 132/7,30
- Pooling operations 132/17ff.
- Poor, the 23/2ff., 50/1ff., 57/8, 59/2, 106/27, 109/18, 125/4,5,6, 137/1, 148/1
- Pope, the
 - authority in social matters 41/1ff., 43/5, 117/2, 129/3, 130/1
 - Encyclicals, and the 8/5, 117/2
 - interpreter of moral law 41/10ff.
- Postal Telegraph Company 105/6
- Pottier, Abbe 33/1
- Prairie Oil and Gas Company 132/37
- Prayer and social reconstruction 129/2,3
- Preferred lists 132/34
- Preferred stocks 105/14ff., 132/32
- Preuss, A. 19/2
- Price fixing 109/2
- Prices
 - administered 58/1, 69/25, 72/4, 109/2
 - cooperatives, and 24/17
 - OPA, moral obligation of 75/8
 - relation to wages and labor 69/25ff., 74/1ff., 75/1ff.
- Priests
 - and AFL and CIO 33/1
 - active in applying Catholic social principles 23/4ff., 27/5,6, 33/1 35/7, 143/5
 - functions in regard to Catholic social doctrine 30/22, 43/6, 131/1, 142/3
 - killed by Communists in Spain 112/13
- Private enterprise 10/1ff., 88/5, 105/6, 107/1, 109/3, 133/1,2
- Procter and Gamble Soap Company 73/1
- Profits
 - and business expansion 57/9, 72/7
 - capital's share of 53/2,10, 57/2ff., 58/1, 63/4, 72/2ff., 88/4, 88/19, 105/4
 - fair rate for capital 58/1
 - as incentive 57/10, 136/8
 - in U. S. 1946, 1947, 1948 72/6, 74/8
 - ownership of 57/4-7
 - and prices 74/8ff., 75/10ff.
 - small businessman's claim to 57/10, 58/1
 - undistributed 57/13, 57/8, 74/8ff.
 - unjust 58/1, 74/8,9, 132/8,19ff., 34ff.
 - and wages 74/8ff., 75/13,14
 - workers' share of 53/2, 56/1, 57/2ff., 61/4, 65/1ff., 67/1
 - in World War II 57/3ff., 109/20

FORTY YEARS AFTER

Profit motive 46/1, 88/19, 136/8-9

Profit-sharing 57/4ff., 65/2,5, 101/4

Program of Social Reconstruction, Bishops' 18/2, 28/4

Progressive party 113/3

Proletariat 11/5,6, 59/2,3, 71/4,14,15, 111/3, 112/4,8,9, 121/10

Propaganda, Communist 121/8ff., 122/2,3

Property

- common 44/3,5, 46/11

- definition of 53/3,4

- distribution of 57/1, 59/6, 63/2,3, 71/4, 74/4, 116/4, 136/11

- individual character of 45/1, 46/1ff., 136/9

- labor as a title to 52/1ff.

- private 44/4,3, 45/8-10

- public 44/3

- right

- Church's doctrine on 44/1, 45/3ff., 56/1

- definition 44/2, 52/6

- goods of the earth, and the 46/13

- government, and the 49/1ff.

- limitation on the 47/1ff., 48/1ff.

- four meanings of 52/7

- origin of 49/1ff.

- purpose of 45/1ff., 46/1ff., 136/9

- social justice and 47/6,9, 49/3

- superfluous goods, and 50/1ff., 51/1ff.

- State, reserved to 80/2, 114/2

- use of 47/2ff.

Protestant Churches and the system of the "orders" 83/13

Proxy voting 105/12,13

Prudential Life Insurance Company 106/38

Public Service Corporation of Northern Illinois 105/8

Public utilities 58/1, 105/15,19-21, 106/33, 107/3-4, 110/7,9-10, 114/1

Public Works Administration 28/5

Pujo Investigating Committee 106/24ff.

Pullman Car Company 30/19, 105/6,8, 106/29

Pyramiding of holding companies 105/20ff., 107/4, 109/6

Quadragesimo Anno

- practicality of *title*/8, 39/1

- purpose of *title*/1ff.

- style of *title*/7

- translation into English 8/2

Rabbis, Central Conference of American, on "orders" 83/12

Racketeers 30/20,21, 132/41ff.

Radicals 6/2

Radio 108/5, 121/3,11, 132/38,44

Radio Corporation of America 108/5, 132/11

Railroads 57/9, 79/2, 80/2, 105/3,15,21, 106/29,31, 107/3,5, 114/1, 132/33

INDEX

- Railway Act of 1926 21/2, 30/9
Railway Brotherhoods 35/11, 123/5
Rationalists 133/2
Rationalization 136/5
Readers' Digest 50/5, 71/12
Reciprocal Trade Agreements 89/1, 106/6,12, 110/10
Reconstruction of the Social Order *title*/2ff., 24/16, 45/11, 71/2, 76/1,5,
88/28, 138/1, 140/1,5,6
Redemption of non-owning class 59/1,4ff., 60/1, 62/1, 63/1,2, 71/14
Reintjes, C. Ss. R., Rev. W. 33/1
Religion 11/2, 63/6, 112/12,13, 125/2
Religious orders 125/5, 129/2
Remington Rand Corporation 132/11
Rent 43/4, 49/9, 53/10,15, 57/6, 75/5,7, 135/7
Report of Executive Secretary of TNEC 105/3
Republic Steel Corporation 75/2,9, 105/8, 132/11
Rerum Novarum
—benefits of 21/1ff.
—differences between *QA* and *RN title*/7, 39/2,3
—effects of 12/1,2, 13/1, 21/1,2, 27/2, 33/2, 34/2,4, 36/1
—opposition to 14/1, 39/1
—passages explained 45/9, 47/1, 49/1ff., 52/4, 53/1ff., 53/5, 57/1,
69/2
—practicality of *title*/8
—purpose of 59/6, 101/1
—reception of 21/2
—style of *title*/7
—United States, influence on 28/4,5
—writing of 8/1,2,3
Reuther, Walter 70/4
Review of Reviews 12/2
Reynolds Tobacco Company 132/20
Rice, Rev. C. 33/1
Right
—association, of 22/4, 30/15, 110/3
—organize, to 21/2, 30/9ff.
—poor, of the 11/6
—property, of (*see* Property)
—rich, of the 11/5
Rockefeller family 105/4,8
Rockefeller, John D., Jr. 30/19
Rommel, Archbishop J. 33/1
Roosevelt, F. (*see also* New Deal) 28/5, 75/5ff., 87/5, 89/2ff., 106/6ff.,
190/3ff., 110/10, 132/10, 135/2
Rousseau, J. J. 133/2
Royal Shell Corporation 108/5
Rural Electrification Administration 24/8, 103/4, 110/7
Rural Worker 121/9
Rural workers 59/9, 102/5
Ryan, Msgr. J. 19/1, 37/3, 45/3, 47/1, 58/1

FORTY YEARS AFTER

- Sabotage 83/5
- Salary (*see* Wage)
 - of corporation officials 75/2ff.
- Salazar, O. 81/6
- Schaepmann, Rev. 27/5
- School for Democracy 121/5
- Science and Society* 121/9
- Schmiedeler, O.S.B., Rev. E. 103/4
- Schools of Catholic social doctrine 20/1,3, 23/7, 34/5, 143/5
- Sears Roebuck Company 105/9
- Second International 112/8, 117/4
- Securities 106/22, 132/16,21,25,34
- Securities and Exchange Act of 1933 49/6, 132/14,28
- Securities and Exchange Act of 1934 132/14,20,28
- Securities and Exchange Commission 30/13, 105/3ff., 110/6
- Securities and Exchange Commission Report of 1942* 105/19, 106/24
- Seipel, M^{sg}r. I. 27/5
- Sertum Laetitiae* title/8, 30/15
- Share croppers 59/8
- Shares 24/15, 53/4,16
- Sheil School of Social Studies 143/5
- Shell Union Company 105/9, 132/20
- Sherman Anti-trust Act 109/20, 110/6
- Shopowners, small 69/5, 103/1,2
- Sinclair, H. 132/24,37
- Sinclair Oil Company 108/3, 132/24,37
- Single tax 4/5
- Singulari Quadam* 35/7ff., 36/3
- Sisters of Charity 125/5
- Slavery 59/3, 69/17, 83/2, 106/4, 109/18
- Sloan, A. 132/34
- Small businessman 57/10, 58/1, 102/1ff.
- Smith, Adam 53/5
- Smith, S. J., W. 30/24,29, 33/1
- Social charity 24/1ff., 88/16ff., 90/3, 126/2
- Social Frontiers* 121/9
- Social insurance 28/2, 49/11, 71/14,21,26ff., 84/14,17
- Socialism
 - as in Leo XIII's time 4/4, 6/2, 10/7ff., 14/1, 36/4, 44/5, 112/2, 120/2
 - as a general term 46/3, 95/1, 97/1, 111/1, 112/3
 - milder form 113/1ff., 116/2, 117/2ff., 118/1, 119/1ff.
 - and British Labor Party 117/4
 - in the United States 117/5
- Socialist International 36/4, 112/8, 117/4
- Socialist unions 36/4
- Socialists in United States 113/3, 117/5
- Social justice (*see* Justice)
- Social Justice Bulletin* 143/4
- Social Justice Review* 20/9

INDEX

- Social legislation (*see also* Labor legislation) 10/4, 21/2, 22/2,3, 27/2, 28/5, 30/5,9, 49/2ff., 69/21ff., 88/23, 126/2
- Social order *title*/2ff., 45/11, 69/16ff., 76/1ff., 84/3ff., 88/16ff.
- Social question 2/2, 8/1, 10/8, 11/2, 14/2, 41/1, 106/3
 - and the Church's right *title*/4, 8/4, 41/10-14 129/3, 130/1
 - and priests' obligations 43/6
- Social reconstruction *title*/2ff., 18/2, 28/4, 45/11, 61/3ff., 62/1ff., 81/1ff., 97/1ff., 129/3, 136/4, 138/1, 140/3,6
- Social science (*see* Economics)
- Social security 59/5, 63/4, 71/14, 78/13, 84/14
- Social Security Act 21/2, 28/5, 49/11, 71/28, 83/5
- Social weeks 20/4ff., 37/3
 - of Canada 20/4,5
 - of France 20/4
 - of Italy 20/4
 - of Mexico 20/6
- Social Wellsprings* 2/1, 118/1
- Social Work Today* 121/9
- Society, civil
 - Church and reconstruction of *title*/3ff., 138/1, 141/1, 144/1
 - Christian view of 118/1
 - and the evil of Individualism 78/2,11,14
 - purpose of 69/12, 71/7,9
 - true structure of 79/5, 80/1ff., 101/1
- Society for Cultural Relations with Soviet Russia 121/5
- Socony Vacuum Oil Company 105/8
- Somerville, Henry 19/1
- Southern Conference for Human Welfare 121/5
- Southern Pacific Railway 105/8
- Southern Worker* 121/8
- Sovietland* 121/9
- Soviet Russia Today* 121/9
- Spain,
 - Communist murders in 112/13
 - family allowances in 71/23
 - Catholic Employers Federation of 38/1
 - National Catholic Agricultural Confederation of 37/1
- Speculation 72/7, 88/34, 106/22ff., 132/12,16
- Speed-up 41/8, 83/12, 135/3
- Spies, labor 30/16, 132/11
- Stabilization policy, national economic 69/27, 75/5ff.
- Stalin, J. 91/3ff., 111/4, 112/4ff., 121/4
- Standard of living, American 60/1, 71/11,12ff., 83/5
- Standard Fruit and Steamship Company 105/6
- Standard Oil Company 105/5,8, 108/2,5, 109/7,20
- Standard Oil Company of California 132/20
- Standard Oil Company of Indiana 105/12
- Standard Oil Company of New Jersey 105/12
- State
 - meaning of 78/2

FORTY YEARS AFTER

- business, and 80/1ff., 88/3ff., 109/7
- forms of 86/1ff.
- intervention in the social question 6/1,2,3, 25/1, 27/1, 30/12, 82/1,2,3, 110/8
- power of the 49/2ff., 80/2ff., 110/8
- and property 49/1ff.
- protection of workingmen and the poor 20/12,13, 49/11, 59/6,9, 71/26, 88/3, 125/6
- purpose of the 25/2, 49/2, 71/7, 90/2ff.
- reform of the 78/1ff., 81/9,10, 90/1,2,3, 129/2
- Steelworkers of America, United 65/3, 66/2, 69/24,30, 70/5, 73/5, 75/9, 84/10
- Stegerwald, A. 27/4, 33/1
- Stewart, Col. R. 132/37
- St. Louis, Brownsville, Mexico Railway 107/5
- Stock Exchange Practices Report* 105/17,23,24, 106/24,27, 109/6, 132/15ff.
- Stockholders 24/15, 53/10,13, 57/4,7,8,10, 58/1, 65/2, 105/4, 105/12ff., 107/5, 132/36
- Stock market 88/17ff., 105/3,23, 132/23
- Strikes
 - Catholic teaching on 30/4, 94/1
 - before 1891 6/2
 - in 1942-3 132/9
 - in 1945-6 73/5
 - in Fascist Italy 92/7
 - under the system of the “orders” 85/2
 - under the National Labor Relations Act 30/10
- Stritch, Cardinal S. 20/7
- Strikebreakers 30/16
- Stroh, C. Ss. R., Rev. P. 33/1
- Structure of the American Economy* 102/2, 105/3,8,11, 106/29,30
- Studebaker Company 109/3
- Student Advocate* 121/9
- Study clubs 20/8, 24/12,16, 37/3, 143/5
- Sunday Worker* 121/8
- Superfluous goods 50/1ff., 57/8
- Superfluous income 57/8
- Supply and demand 109/2
- Supreme Court decisions 30/13, 69/23, 71/16, 84/12, 106/9
- Surplus capital 109/11,16
- Swift and Company 105/9
- Swope, G. 132/34
- Syllabus of Pius IX 120/2
- Syndicalism, Christian 31/1
- Syndicates
 - in Fascist Italy 91/5, 92/1ff., 93/6,13,15 94/2ff., 95/4,6
 - on the stock exchange 132/19
- Taft-Hartley law 30/1, 30/10,30ff.
- Take home pay 66/2

INDEX

- Tariff 88/34, 109/9
- Taxes 49/12, 57/13, 75/5,6
- Teachers' Union 121/5
- Teapot Dome 108/3
- Technical side
 - capitalism, of 100/1
 - economic matters, of 41/6ff.
- Technological research 57/9
- Technological Trends and National Policy* 105/3ff.
- Technology 41/6, 42/7, 105/7
- Temporary National Economic Committee 87/4, 103/3, 105/3ff., 106/39,40, 109/3, 132/8
- Tennessee Valley Authority 65/3, 79/3, 80/3, 110/7, 114/2
- Theatre Club 121/11
- Theatre Guild 121/11
- Theatre Workshop* 121/9
- Theologische Praktische Quartalschrift* 45/1, 46/1, 47/1, 49/1, 50/1, 52/1, 53/1
- Thomas Aquinas, St. 51/1, 58/11, 71/9, 84/1
- Tobin, D. 33/1
- Tompkins, Rev. J. 24/12
- Toner, Rev. J. 30/29
- Toniolo, G. 5/2
- Totalitarianism 78/1ff., 91/2, 95/3
- Townsend Plan 81/5
- Trade Association 30/11, 38/1ff., 81/11, 87/1ff.
- Tramwaymen's Guild 34/4
- Trotsky, L. 91/3, 111/4, 112/4ff.
- Truman, Pres. H. 71/24, 105/3, 106/31
- Trusts (*see also* Corporations, Monopolies) 105/22,24, 106/8ff.

- Unemployment 21/2, 28/2, 57/8,9, 63/4, 74/1ff., 75/1, 83/13, 135/7
- Unemployment Compensation Bureau 28/5
- Union of Catholic Farmers of Czechoslovakia 37/1
- Union of Christian Social Action in Belgium 38/1
- Union of Fribourg 7/1,2, 8/1
- Union Pacific Railroad 105/8
- Union agreements, extent of 30/8,28
- Union shop 30/28
- Union, church personnel 72/5
- Unions
 - Catholic 29/2, 32/1, 35/7ff., 36/1ff., 38/3
 - Catholics in 34/5, 35/1ff., 36/7, 140/1
 - Church and 3/3, 30/1ff., 15, 31/1,2, 32/1, 34/4,5 36/1, 39/2, 140/5
 - Communists in 35/10, 36/1,2,5, 81/11, 123/5ff., 143/5
 - company 29/3, 30/18,19, 84/11
 - employers' 38/3
 - employer collaboration with labor 30/8,17, 65/3, 69/30, 83/10 83/10

FORTY YEARS AFTER

- employer opposition to labor 25/2, 30/1ff., 123/10
- growth of 21/2, 30/8,17, 36/1ff.
- independent 30/18
- international 35/1,2
- relation to labor and wages 69/19ff.
- Negroes in 135/2,3
- obligation to join 30/22ff., 81/11
- organizers from outside 31/2, 140/5
- priests and 33/1,2, 43/6, 142/2,3
- purpose of 29/4, 30/15,17, 59/6, 61/3, 135/3
- racketeers in 30/20-1
- right to form 30/15ff., 137/2
- Socialist 36/4, 113/3
- and the system of the “orders” 87/1ff.
- United Corporation 105/19, 132/35
- United Fruit Company 105/6,8, 109/7
- United Mine Workers 35/11, 69/24, 75/4
- United Shoe Machinery Corporation 105/8
- United States Bank of New York 132/36
- United States Housing Authority 28/5, 71/24, 79/3, 80/3
- United States Rubber Company 105/8
- United States Smelting, Refining, and Mining Company 105/8
- United States Steel Corporation 57/9, 70/6, 75/2,9 105/5,8,13,
106/29,38,39, 109/2
- Untermeyer, S. 106/25,26
- Upsurge* 121/9
- Usury 24/9, 53/14, 88/34, 106/3
- Utilities, public 58/1, 105/5ff., 106/29,33, 107/3ff., 109/4,6, 110/7
- Vanguard Press 121/10
- Van Sweringen brothers 105/15ff., 106/22,31ff., 107/5, 109/4,6, 132/33ff.
- Van Sweringen corporate system 106/31
- Vermeersch, S. J., Rev. A. 19/1, 45/1,2, 46/12, 47/14, 50/1,2, 51/2, 53/1
- Versailles, Treaty of 21/1ff.
- Vincent de Paul Society, St. 125/2, 126/2, 143/2
- Violence in labor disputes 11/5, 30/5, 61/4, 73/5
- Vocational groups (*see* “Orders”)
- Vogelsang, K. 5/2, 106/3
- Voice of China* 121/9
- Volkverein 20/9, 37/3
- Voting trusts 105/16ff.
- Wabash Railroad 132/32
- Wage
 - ability to pay 70/2ff., 72/1ff.
 - annual 57/11, 65/5, 66/1ff., 71/12ff., 73/1ff., 74/1ff., 75/2
 - Canon Law on 72/5
 - ceilings 75/2ff.
 - contract 57/7, 64/1, 65/1
 - definition of 69/1
 - family 58/1, 63/4, 71/3,9,13

INDEX

- and the general welfare 74/1ff.
- guaranteed annual 57/11, 65/5, 73/1, 74/10
- of janitors at religious institutions 72/5
- just 63/1, 66/1ff., 69/2ff., 70/3ff., 71/1ff., 72/2,3, 74/4
- living 63/3,4, 66/1ff., 69/2ff., 70/3ff., 71/1ff., 72/2,3, 74/4, 135/6
- minimum 63/1, 71/1,5,26, 73/2, 74/5,7
- actually paid in U. S. 60/1, 71/15
- prices, and 70/4,5, 75/1ff.
- to be paid before profits 57/6, 72/6
- proportion between wages and salaries 75/1ff.
- “real” 75/10
- saving 62/2, 63/2,4, 71/11,14, 74/4
- single men, for 71/8
- skilled labor, of 71/10
- unjust 69/19, 71/2, 72/7, 75/4, 125/2, 132/31, 134/1
- unskilled labor, of 71/10
- Wage Earner* 34/5, 81/3, 143/3
- Wages and Hours Act and Administration 21/2, 28/5, 73/2, 79/3, 80/3, 83/1,5
- Wagner Act 28/5, 30/9ff. (and see National Labor Relations Board)
- Wanderer, The* 19/2
- War Labor Board 30/10, 75/9, 132/10
- Warner Brothers' Pictures Company 132/20
- Wealth 42/7, 53/4ff., 105/1ff., 136/11
- Weir, E. T. 75/2
- Welch Grape Juice Company 132/42,44
- Western Union Telegraph Company 105/6,8
- Westinghouse Electric Company 105/8
- Wheeler Committee 105/3,17, 106/22,24,31, 107/5, 132/8,15,32
- Whitney, G. 106/40
- Whitney, R. 132/34
- Why and Whither of Labor Unions* 30/22
- Wiggin, A. 132/24
- Wilson, Chas. E. 75/2
- Wilson, Woodrow 108/3
- Windthorst, L. 5/2, 37/3
- Wisconsin Labor Leader* 34/5
- Woll, M. 33/1
- Woman Labor 21/2, 26/1, 28/2, 63/4, 69/23, 71/1,17
- Woman Today* 121/9
- Woolworth Company 105/9
- Work* 34/5, 143/3
- Workers' Alliance 121/5
- Workers' Dramatic League 121/11
- Workers' Gymnastic and Sport Alliance 121/7
- Workers' Library Publishers 121/10
- Workers' right to organize 21/2, 30/9ff., 110/3
- Workers' Sickness and Death Benefit Fund of U. S. 121/7
- Workers' Theatre 121/11

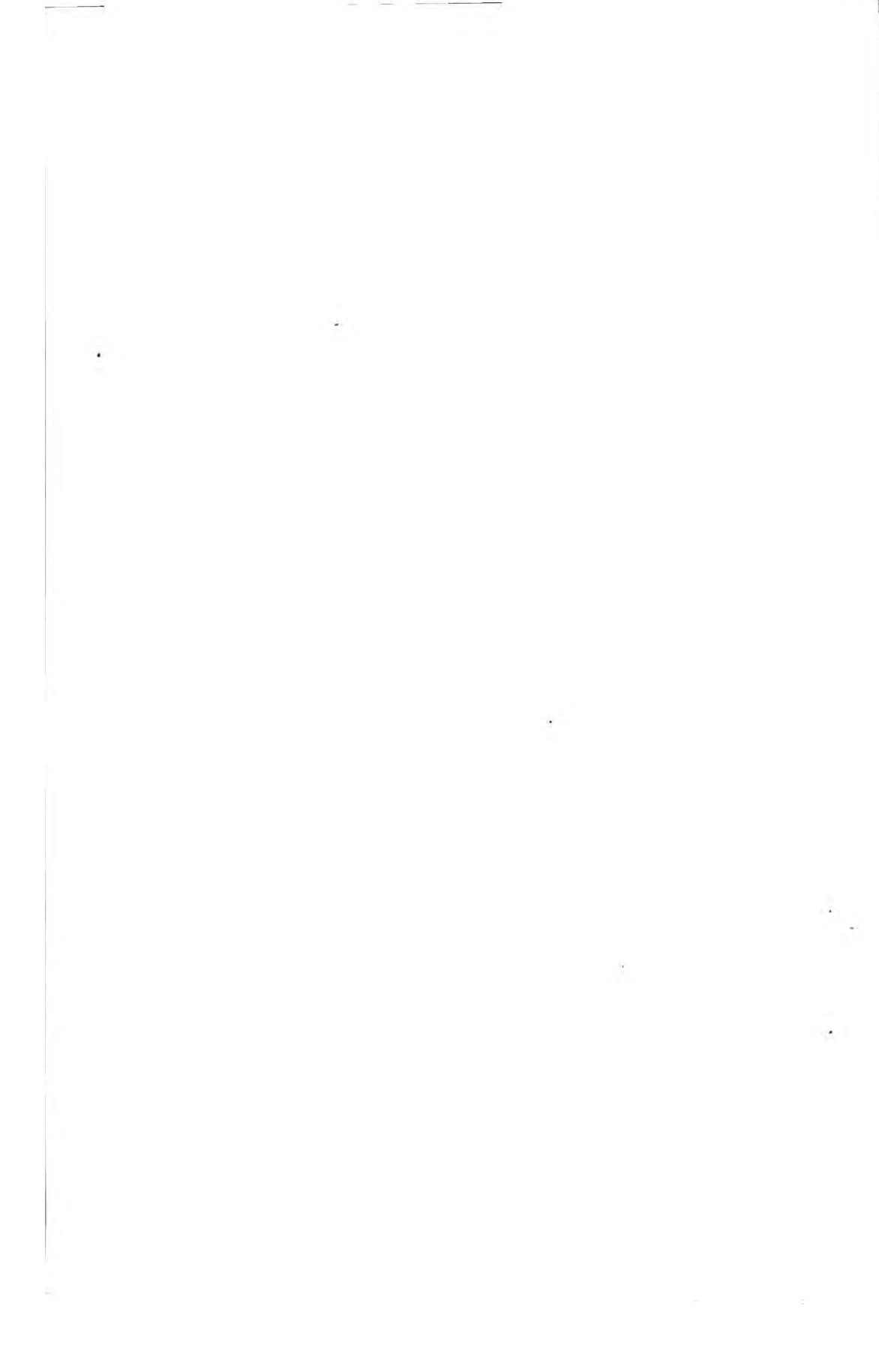
FORTY YEARS AFTER

Workmen's Compensation System 71/28
Works Progress Administration (WPA) 28/5, 79/3, 80/3
World Economic Conference 89/1
World News and Views 121/8

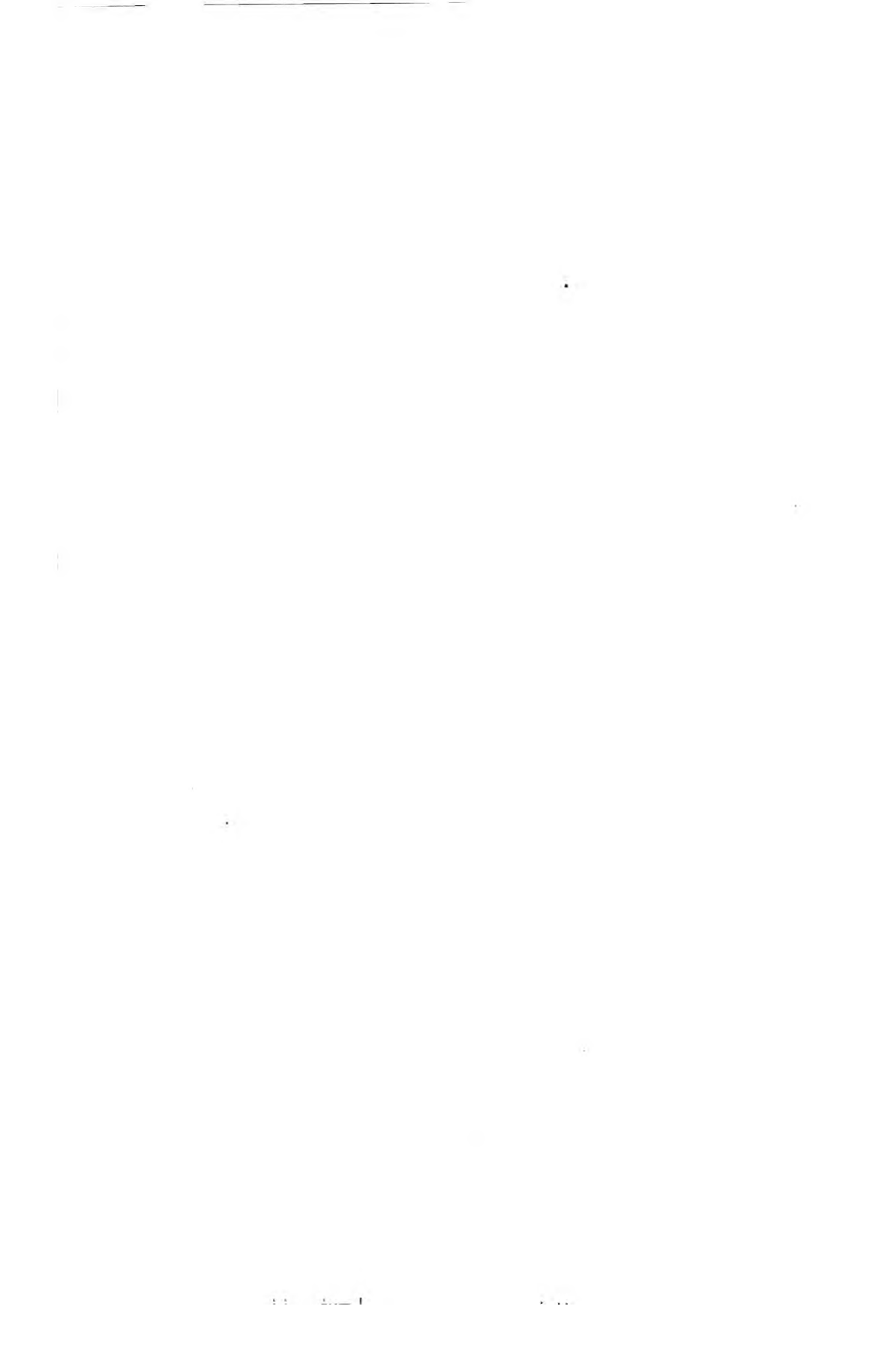
Year Book of International Labor Office 28/2
Yellow dog contract 4/3, 30/2,3
Young Communists' International 121/5
Young Communists' League 121/5
Young Communists' Review 121/9
Young, O. 132/34
Young Pioneers of America 121/5
Youngstown Sheet and Tube Company 75/9, 105/8
Young Workers' Dance League 121/7

**Ex Amore
Jesu
et
Mariae**





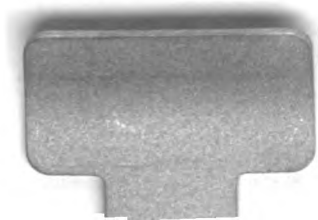
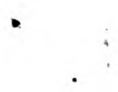




89097203004



B89097203004A



89097203004



b89097203004a